FINANCIAL TIMES

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Brazil's economy: the strain is showing, Page 4

NEWS SUMMARY

GENERAL

Reagan lobbies support on MX

President Ronald Reagan launched an intensive personal campaign to win U.S. Congress backing for his controversial policies on the MX intercontinental nuclear missile and wider arms control.

He gave the MX priority on returning to Washington from a five-day campaign-style visit to the West. Officials say he will devote the next few days to contacting both Democrat and Republican members.

Mr Reagan is also taking economic sanctions against left-wing Nicaragua by virtually eliminating sales of its sugar in the U.S. from October. Page 4

United Nations Security Council suddenly cancelled its meeting on Nicaragua's complaint against U.S. "aggression" – for consultations, it was believed.

U.S. Energy Secretary Donald Hodel said in London that Western Europe should be able to meet its future natural gas needs without relying on further Soviet supplies. Page 2

Rumasa warrant out

A Madrid court issued a warrant to force the attendance of former chairman of the seized private holding group Rumasa, Jose Ruiz Mateos, recently reported to be in London, who failed to attend a hearing. Page 18; Feature Page 16

Nobel hunger striker

Adolfo Pérez Esquivel, 1980 Nobel Peace Prize winner, his son, and three companions began a hunger strike in Argentina as a protest against hunger, unemployment, and political repression.

Etna plan attacked

Seven Catania University professors asked Sicilian authorities to block a scheme to dynamite the lip of the crater of erupting Mount Etna and divert lava down a prepared channel, saying it was unnecessary and potentially dangerous.

Soviet bloc pressed

Neutral countries backed Western demands in the 35-nation Madrid Conference on Security and Co-operation in Europe that the Soviet bloc should make concessions on human rights to help end the 31-month proceedings.

Chernenko better

Soviet Politburo member Konstantin Chernenko, believed to head a group opposed to radical changes in policy, has been discharged from hospital, said his office. He had been absent from Kremlin functions for several weeks.

Premier stands down

Australian Labor Party chairman Neville Wran stood down as New South Wales Premier during an inquiry into an allegation that he tried to influence the outcome of a court case. Page 4

Machiavelli missing

Ludovica Machiavelli, 24, a fashion model and descendant of the Renaissance writer whose name became synonymous with sinister plots, is missing. Police fear she is kidnapped. Her father, the Marquis Nicolo, said: "We are not wealthy, the castle in which we live is mortgaged."

Briefly . . .

Italian Reinhold Messner and two colleagues scaled Nepal's 8,153 metre Cho Oyu, world's eighth highest mountain.

Reinach, Switzerland: Explosion destroyed a private arms museum, and killed the owner.

Pro-Government workers took over Legon University in Ghana, ordering out student protesters against austerity.

BUSINESS

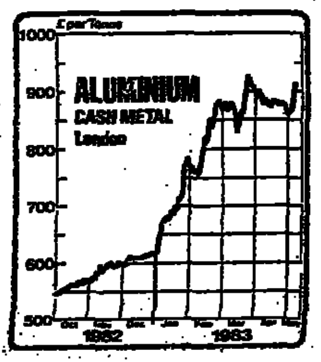
Ericsson to raise $230m in U.S.

● L. M. ERICSSON, the Swedish telecommunications group, is to issue shares in the U.S. to raise nearly $230m, potentially a record share issue in the U.S. for a foreign company. Page 19

● STERLING traded unevenly ahead of the general election, falling 20 points to $1.565 and to Y364.25 (Y364.75), but it rose to DM 3.8275 (DM 3.8175). FFr 11.525 (FFr 11.5) and SwFr 3.2 (SwFr 3.195). Its Bank of England trade-weighted index was 84 (84.2). In New York, it closed at $1.535. Page 38

● DOLLAR'S trade weighting moved up from 121.7 to 121.9, with improvements to DM 2.444 (DM 2.435), FFr 7.366 (FFr 7.34), and SwFr 2.0425 (SwFr 2.0375). But it eased to Y232.6 (Y232.65). In New York, it closed at DM 2.436; FFr 7.3455; SwFr 2.0325 and Y231.50. Page 38

● GOLD rose $9 in London and Zurich to $443.5. In Frankfurt it rose $9.5 to $443.75. Page 35. The FT gold mines share index rose 25.4 to 677. In New York, the Comex May settlement was $443.2 ($441.6). Page 35



● ALUMINIUM prices again moved up strongly in London, with an £18.5 rise to £912 ($1,436.4) a tonne. Copper reached its highest for more than three years with the three-month price for high-grade £27 up in late trading to £1,176 ($1,852.2) a tonne. Page 35

● LONDON: FT Industrial Ordinary index fell 13.5 to 676.7. Government securities showed modest losses. Page 31. FT Share Information Service, Pages 36, 37

● WALL STREET: Dow Jones index closed 1.45 up at 1,229.68. Report, Page 31. Full share listings, Pages 32-34.

● TOKYO: Nikkei Dow index fell 51.89 to 8,667.99 on profit-taking after touching record levels in the morning. Stock Exchange index eased 3.25 to 634.45. Report, Page 31. Leading prices, other foreign exchanges, Page 34

● STOCKHOLM: Bourse stopped trading and will do so for the next six Wednesdays to help clear arrears in the system.

● NORTH SEA OIL industry is expected to spend at least £350m ($548m) on exploration following the UK Government's award of 63 blocks. Page 7

● NIGERIAN oil production rose to nearly 1.2m barrels a day in April, from 0.9m in March.

● HEALTH-CHEM, a U.S. healthcare and post-control products company, is seeking a London Stock Exchange listing.

● SEARS HOLDINGS, UK group involved in footwear shops and department stores, improved pre-tax profits 9 per cent to £113.5m ($178.8m) for the year ended January, after a good second half. Lex, Page 18; details, Page 24

● FUNDAMENTAL BROKERS, a U.S. arm of British money broker Mercantile House, is the subject of a U.S. Justice Department anti-trust investigation.

● COMMERZBANK, one of West Germany's big three banks, lifted first-quarter operating profits 15 per cent, and expects to exceed the 1982 total of just under DM 500m ($205m).

DELORS MAY REQUEST $3.7bn

French seek EEC loan to aid reserves

BY JOHN WYLES IN BRUSSELS

FRANCE has applied to the EEC for a multi-billion-dollar loan in an attempt to bolster its foreign-exchange reserves and to emphasise the Government's determination to maintain its austerity strategy.

The application will be discussed at a special meeting of the Community's monetary committee in Paris today, and it could be endorsed by a meeting of EEC finance ministers scheduled to be held in Brussels next Monday.

How much France will seek to borrow through the Community was a matter of some speculation last night. But during the realignment of European Monetary System currencies in March, M Jacques Delors, the French Finance Minister, hinted that he might be aiming for a total in the region of 4bn European Currency Units (Ecu) ($3.7bn).

The loan would be the first to be raised under the EEC's so-called "oil facility" since it was revamped two years ago as a 6bn Ecu scheme to help member-states with severe balance-of-payments difficulties.

In Paris, French officials stressed last night the economic and political significance of the application. The franc has recently come under renewed pressure after disappointing economic statistics, street demonstrations against government policies and speculation that the franc might be pulled out of the European Monetary System (EMS).

According to officials, a borrowing under EEC auspices should be seen as a sign of government determination to stick to its present path and to remain in the EMS.

That is something that officials from EEC treasuries and central banks will want to hear at the monetary committee today. The conditions attached to the oil facility were toughened when it was relaunched two years ago.

Among other things, the borrower must give assurances that the necessary policy measures will be taken to ease the underlying balance-of-payments problem. When the scheme was first set up in the mid-1970s, it was seen as an aid to those member-states unable to borrow in international markets as cheaply as the Community.

Once the Council of Ministers has unanimously agreed an application, the loans are contracted by the Commission either from capital markets or from third countries.

The French Government's austerity strategy has been blown quickly off course since its adoption in the wake of the EMS realignment, which effectively devalued the franc by 8 per cent against the D-Mark. France's trade deficit in the first quarter was already 50 per cent of the Government's FFr 45bn target for the whole year. The continued strength of the dollar – up by around 8 per cent since early March – has been blamed for the poor performance.

Although French foreign-exchange reserves have been partly rebuilt since the March realignment, they were heavily depleted during the battle to fend off speculation against the franc in the first quarter.

During that battle, Paris deployed most, if not all, of a 10-year Eurocredit arranged last October. A Saudi Arabian loan of $2bn to $4bn was also lined up in defence of the currency.

France squeezes Iraq for payments, Page 18

Shultz call to Syria to back Lebanon troop pull-out deal

BY DAVID MARSH IN PARIS

MR GEORGE SHULTZ, the U.S. Secretary of State, last night called on the Soviet Union to back Middle East peace efforts by joining attempts to persuade Syria to pull its troops out of Lebanon.

Speaking at the end of two days of economic talks at the Organisation for Economic Co-operation and Development (OECD), he said the Israelis were negotiating to withdraw their own troops and bring peace to the region.

In an impassioned plea to the Soviet Union, he told a press conference: "Let them come through to join in the peace process."

Mr Shultz arrived in Paris for the OECD meetings after a two-week Middle East peace shuttle during which he secured provisional Israeli agreement to pull back its forces. However, Israel's insistence on keeping its troops in Lebanon until the Syrians pull out has emerged as the major source of deadlock.

Referring to the pull-out this week of 85 Soviet citizens from Lebanon on a special charter flight – which has heightened the fears of hostilities breaking out – Mr Shultz said he had been told that this evacuation, mainly of women and children, was normal at the end of the school year.

Pointing to Soviet influence over Syria, he said the Russians should "take another look and get on the side of peace in Lebanon." He said the country had suffered casualties which on the scale of the U.S. population would represent 10m war victims.

He said a commentary by the Soviet news agency Tass had attacked the Israeli-Lebanese withdrawal agreement. "How can you attack that agreement and feel you're for peace?" he asked.

On the results of the OECD's meeting, Mr Shultz said he had been impressed by the sense of common purpose and unity. "We have problems but see prospects for answers."

On East-West trade issues – which had earlier been expected to be a source of disagreement at the forthcoming Williamsburg summit – he claimed that there were "no sore points" in the views of the U.S. and its allies.

He said the U.S. remains in favour of non-inflationary growth. "There is a continued thrust (for growth). We plan to be aboard and leading the charge."

Referring to President François Mitterrand's proposals for world monetary reform, Mr Schultz termed them "an eloquent statement of views." Mr Donald Regan, the U.S. Treasury Secretary, speaking at the same press conference, was less diplomatic. He said the time was not ripe for a world monetary conference, although he added that President Mitterrand himself indicated that a lot of consideration was needed before such a conference could be called.

● Nora Boustany writes from Beirut: Mr Marwan Al Qassem, the Jordanian Foreign Minister, arrived here yesterday with a letter from King Hussein to President Amin Gemayel amid signs that Jordan is trying to nudge the Arabs closer to Lebanon's stand on an agreement with Israel.

The unexpected visit attracted much attention here, particularly

Continued on Page 18

OECD to aim for economic growth

By David Housego in Paris

THE MAJOR industrialised nations have agreed that prospects for economic recovery are better than they have been for many years, and have made growth the central aim of economic policy.

This was the conclusion which emerged from the two-day ministerial meeting of the 24-nation Organisation for Economic Co-operation and Development (OECD) which ended in Paris yesterday. The meeting marked a major shift in economic policy. The OECD will now switch its emphasis from the anti-inflationary stance that has predominated since the second oil shock and instead use the "room to grow" produced by declining inflation and oil prices to create new jobs and boost employment.

Most of the major Western economies – the U.S., Japan, West Germany, the UK – accounting for 70 per cent of gross national product in the OECD region – are judged by Western governments to have room to grow.

"Confidence has strengthened," according to the final communique issued last night. "Progress has been made in tackling structural imbalances: and activity which has been weak is now starting to recover."

The OECD recommends for the major economies a flexible mix of monetary and fiscal policies within the framework of medium-term objectives. Ministers warned against the risks of smothering the infant recovery by lowering monetary targets in line with the fall in oil prices or too rapid a reduction in budget deficits.

But, aware of the dangers of inflation accelerating again, ministers also cautioned against allowing monetary policy to accommodate rising wage claims.

For a second group of countries, including France and Italy, with continuingly high inflation rates, the OECD saw less room for growth but stressed the importance of still pursuing anti-inflationary goals.

With recovery under way, governments committed themselves in stronger terms than before to reverse protectionist trends.

This issue gave rise to a dispute between countries like France and Italy and most other Western governments on whether measures to dismantle trade curbs should be taken now or await the consolidation of higher rates of growth.

But in the final declaration, Western governments agreed they would take steps to "reverse protectionist trends and to relax and dismantle progressively trade restrictions and trade distorting domestic measures," including subsidies brought in during the period of low growth.

The conference also agreed on the need for an expansion of trade to provide fresh export outlets for developing countries and thus help resolve their debt problems.

At the OECD meeting itself governments agreed on the need to sustain financial flows to debtor countries which were pursuing adjustment policies that would enable them to maintain an adequate level of essential imports.

Ministers did not formally discuss President Mitterrand's plan, put forward on Monday, for a Bretton Woods-style conference to establish a new international monetary system. But they agreed that the achievement of greater exchange rate stability was a "major objective and commitment" to be pursued.

Editorial Comment, Page 16

MITTERRAND PLEA

President François Mitterrand's appeal for a new Bretton Woods conference to lay the basis of a more stable international monetary system met a generally sceptical reaction yesterday. Page 2. The Group of 30 said meanwhile that world economic recovery was likely to be so fragile that more reflationary policies would be needed. Page 18

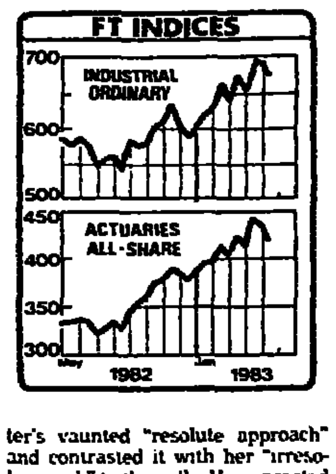
UK election triggers sharp fall in shares

BY OUR ECONOMIC AND POLITICAL STAFF

SHARE PRICES in London yesterday fell sharply in reaction to the announcement of a British general election on June 9.

The FT industrial ordinary index closed the day 13.5 points down at 676.7. At one stage, at 2 pm, the index was down 22.2 points, a slide exceeded in a single day only by the 24-point collapse that followed the defeat of Mr Edward Heath's Conservative Government in 1974.

Sterling fell in London by 20 points to $1.565, with its Bank of England trade-weighted index 0.2 off at 84.2. In New York trading, the pound closed at $1.535.



The upper limit for tax relief on mortgage interest is to remain at £25,000 and higher-rate income tax thresholds will be unchanged from those in 1982-83 as a result of a Government climbdown in the face of Labour Party pressures over the bill.

The dropping of this relief for upper-income groups represents an embarrassment for the Government and a minor coup for Labour at the start of the election campaign.

The result of last night's decision will be to leave the higher-rate and investment-income surcharge thresholds at 1982-83 levels, with no adjustment for inflation. There will be no change either in capital transfer tax thresholds or in the mortgage interest relief limit.

The budget had proposed a 14 per cent rise in the threshold for higher-income tax bands and the investment income surcharge and a rise in the capital-transfer tax threshold from £55,000 to £60,000. A rise in the limit for tax relief for mortgage interest for 1983-84 was proposed from £25,000 to £30,000.

That clause also affects interest-free loans obtained by directors and higher-paid employees because of their jobs.

There will be a debate on the Bill this afternoon.

In the House of Commons yesterday, a direct confrontation between the party leaders, virtually the last there will be during the campaign, ended in a good-natured draw.

Mrs Margaret Thatcher, the Prime Minister, swapped familiar insults with Mr Michael Foot, the Labour leader, and Mr David Steel, the Liberal leader, in an atmosphere of jolly rowdiness.

From these exchanges, it was clear that Labour's main themes will be unemployment and the future of the welfare state, while the Conservatives will focus attacks on "Labour extremism."

Mr Foot mocked the Prime Minister's vaunted "resolute approach" and contrasted it with her "irresolute rush" to the polls. He suggested that a warning by Mr Norman Tebbit, the Employment Secretary, about the likelihood of a sharp increase in unemployment had been one of the main reasons for her decision. (Mrs Thatcher's Government has a majority of more than 30 seats and was not required to end its five-year term until May next year.)

The Prime Minister hit back by singling out Mr Foot's advocacy of unilateral nuclear disarmament as a prime target in the Conservative election campaign. She scoffed: "Mr Foot's defence policy would bring rejoicing only in the Kremlin."

Mrs Thatcher ridiculed the invitation extended by the Labour Party to Mr Yuri Andropov, the Soviet leader, to indicate the Soviet Union's likely response to the abandonment of nuclear weapons by Britain. She recalled that Mr Andropov was already on record that the Russians were not a "naive people" and that no one should expect them to disarm unilaterally.

Labour's nuclear arms policy, she maintained, would put Britain's security and traditional way of life at risk. "I hope it will be firmly rejected," she declared.

The Prime Minister castigated Labour's economic policies as "the most extreme ever put forward in modern times." She warned that they would lead to an enormous increase in public expenditure, which must result in either big increases in taxation, higher interest rates, or a return to an excessive increase in the money supply.

Opposition MPs attacked the Government for its employment record, which is its major weakness in the election campaign. Mr Eric

Continued on Page 18

Campaign roundup, Page 6

Chinese award offshore licences

By Ray Dafter in London and Mark Baker in Peking

BRITISH Petroleum is to lead the search for oil in some of China's most promising offshore drilling areas.

The award of five large exploration concessions to an international group headed by BP is expected to signal the start of one of the world's most ambitious offshore drilling programmes. The group is the first to be awarded licences in the South China Sea and the Yellow Sea, where 33 international companies have been bidding for exploration rights.

Members of the BP group – including Braspetro International of Brazil, Broken Hill Proprietary of Australia, and Petro-Canada Exploration and Ranger Oil of Canada – believe offshore China could match the North Sea in its oil-producing capability. They hope at least one of their licences will yield an oilfield of similar size to BP's 2bn-barrel Forties Field in the North Sea.

Total oil reserves in the South China Sea are estimated to be between 30bn and 150bn barrels. The Chinese authorities have opened about a third of this region for lease negotiations. BP and its partners said yesterday that it considered it had been granted some of the most promising exploration areas.

The BP consortium has been awarded a total of 14,086 sq km in five contract areas, four in the South China Sea and one in the Yellow Sea. During the next three years the companies expect to drill between 10 and 20 wells.

The licences have been awarded for initial periods of between five and seven years, depending on the size of the concessions.

BP and its partners hope to begin exploring in November. They believe that if they succeed, they might start commercial production by 1988. The companies will be reimbursed by China for their work and investment through a share of production. Details of the production-sharing arrangement with the state-run China National Offshore Oil Corporation have not been disclosed.

Under the licensing deal, the consortium has agreed to provide training for Chinese workers and back local research and development work. The companies have also agreed to use Chinese drilling rigs wherever possible.

The companies' reaction to the licence awards was unanimous. "We are very pleased," said Mr Peter Walters, BP chairman.

North Sea Licences, Page 7

CONTENTS

OECD expects East bloc to seek easier trade terms

BY DAVID MARSH IN PARIS

WESTERN COUNTRIES are likely to face growing pressures from East bloc nations to soften trade terms and to agree more compensation or barter business to avoid draining their hard-pressed financial resources, according to a study by the Organisation for Economic Co-operation and Development.

The study, circulating during the OECD ministerial meetings in Paris, is intended to lay the economic groundwork for the international political debate about East-West trade. It was commissioned following the Versailles summit last year after U.S. calls for greater controls on trade with Soviet Union and its allies.

Mr George Shultz, the U.S. Secretary of State, this week warned the West again accepting compensation terms in trade with hard-pressed Eastern countries. The U.S. line—which the report backs up—is that the West should not deviate from prudent commercial policies, in spite of East bloc pressure for more generous trade terms to alleviate their poor economic positions.

The report says that energy products—oil and increasingly gas—represent an increasing share of the OECD imports from the Soviet Union and Eastern Europe. Efforts by the East bloc to cut imports, mainly of manufactured goods, in order to face up to financing difficulties led to a doubling of Western Europe's trade deficit with Eastern Europe last year to more than $9bn. Only West Germany and Finland showed surpluses. Outside Europe, the U.S., Japan and Canada were still in the black.

The Soviet Union enjoys more flexibility in trade with the West partly because of its oil and gas exports (although it could suffer if prices fall further) but also because of its stronger borrowing capacity.

Pointing out that other East bloc countries are in a much weaker position, the report says that if they are unable to secure external financing they will have no alternative but to continue ruthlessly limiting imports from OECD members whatever the internal costs, as Romania and Poland have been doing.

In this context, Western companies are facing increasing pressures not only for compensation trade but also to lower prices to increase suppliers' credit and give more liberal access to technology. Dumping of Eastern products is also becoming a problem again.

Because of efforts to cut imports to essentials, Eastern countries have shifted import priorities away from machinery and equipment to food products, chemicals and miscellaneous manufactured goods.

The report says the Soviet agricultural imports have reached alarming proportions with grain imports of a record 46m tonnes in 1981/82. But, in spite of lower world demand, the Soviet Union increased oil exports (crude and products) to the OECD to a record 65.2m tonnes in 1982 from 52.1m in 1981, earning an estimated $15bn in hard currency.

Natural gas may become the main energy component in East-West trade. Total Soviet gas sales to the OECD could grow to 55bn-60bn cubic metres by 1990. But this rise may still not compensate for lower oil income because of falling Soviet oil exports to the West.

Showing the increased importance of Western energy imports in East bloc trade, in 1980 (the latest year for which figures are available) energy accounted for 71 per cent of OECD imports from the Soviet Union against 33 per cent in 1970. For imports from the East bloc as a whole, energy made up 50 per cent of OECD imports, against only 20 per cent in 1970.

Scepticism greets new Bretton Woods conference call

BY DAVID HOUSEGO IN PARIS

THE DRAMATIC appeal by President Francois Mitterrand for a new Bretton Woods conference to lay the basis of a more stable international monetary system met with a generally sceptical reaction from the main industrialised nations yesterday.

Though the French have long been pressing for progress on international monetary reform, the strength and timing of the President's statement—at a reception at the Elysee Palace for ministers attending the OECD conference—caused surprise. His intentions were seen as ensuring that the French case received an international hearing before the Williamsburg summit, demonstrating publicly France's commitment to the Third World and, in domestic political terms, delivering a major policy statement to coincide with the second anniversary of his electoral victory.

The sharpest scepticism came from Count Otto Lambsdorff, the West German Economics Minister. He said that the important thing was not the type of monetary system, as both flexible and fixed exchange rates could break down. "The important thing is the discipline of those countries operating" the system — a direct dig at the French whose high inflation rate and trade deficits have been largely responsible for provoking the strains within the European Monetary System.

Senior French officials were anxious to emphasise that the President's proposals were not intended as a hostile challenge to the U.S. They should be viewed over the long term and an international monetary conference would require "months or years" of preparation.

The officials also made clear that France expected action and that serious problems would be "seriously treated." It was in this context that they placed the implied threat in President Mitterrand's speech that France would not take part in further economic summits if there was no progress at Williamsburg on monetary reform or exchange rate intervention.

U.S. officials were also sceptical. A Treasury official said of M Mitterrand's remarks: "Some are new, some we need to think about and some we will agree to." It was recalled that Mr Donald Regan, the U.S. Treasury Secretary, has also talked about the need for greater monetary co-ordination.

But the philosophical clash between the U.S. market-oriented approach and the ideas expressed in President Mitterrand's speech, of concerted international economic growth backed by intervention in the foreign exchange and commodity markets, came through in Mr Regan's statement to the OECD conference yesterday afternoon.

He said the key to exchange rate stability was sound medium term economic policies. Until the main trading nations achieved a convergence of policy on such lines, "the economic divergences among them are inevitably going to cause substantial swings in exchange rates."

Apart from the French, the only other delegation to publicly support the idea of a Bretton Woods type conference was New Zealand. The Japanese have also been floating ideas favourable to exchange rate intervention.

In addition to M Mitterrand's proposals, M Jacques Delors, the Finance Minister, yesterday launched his own. This was for a gathering of finance ministers later this year to discuss, among other issues, the relationship between structural and cyclical deficits, whether protectionism had really put a brake on trade, and interest rates and employment.

President Francois Mitterrand: ensuring the French case is heard

Europe warned not to buy gas from second Soviet line

BY RAY DAFTER, ENERGY EDITOR

WESTERN EUROPE should be able to meet its future natural gas needs without relying on further imports from the Soviet Union, Mr Donald Hodel, the U.S. Energy Secretary, said in London yesterday.

Mr Hodel said it would be "inappropriate" for the Soviet Union to build a second major export pipeline from Siberia to Western Europe given the alternative sources of supply such as the North Sea, Africa and the Middle East.

The Soviet Union, which is now completing an export line to the West, is already considering starting a second line in the late 1980s. But Mr Hodel argued that on the grounds of supply security Western Europe should diversify its import sources. He said it was not an issue of being against Soviet supplies. The position would be the same with any other dominant supplier.

Mr Hodel, who was speaking in London after attending a Paris meeting of the International Energy Agency, said that Western Europe had a number of supply options which were now being evaluated by member governments of the agency.

The North Sea offered the prospect of important new gas supplies, including deliveries from the Norwegian Troll Field. There was a possibility of new supplies out of the Middle East. And governments were now evaluating prospects for a gas export line linking Nigeria and North Africa with Spain and other Western European countries.

The feasibility of the African pipeline had yet to be established, said Mr Hodel. Authorities were a long way from a definitive project. If a pipeline were built—and technological developments had made this a more likely project—then importers would have to pay the cost.

Mr Hodel said that about a half of his time as Energy Secretary was spent on considering natural gas issues, in particular the Reagan Administration's plans for decontrolling all U.S. natural gas prices by January 1986. He said the Administration was further ahead with its plans than it was expected. Even though there were many hurdles to overcome, the Administration would probably just manage to obtain Congressional approval for its plans.

Having once forecast that international oil prices would slip to around the mid-$20-a-barrel range, Mr Hodel said that he had modified his views. He thought it was likely that the Organisation of Petroleum Exporting Countries would maintain its $29-a-barrel reference price, even if there was some discounting by members in the next month or two.

West Germans fear Stuttgart summit may be a flop

BY JONATHAN CARR IN BONN

WEST GERMAN fears are growing that the European Community summit conference in Stuttgart on June 6 and 7 may turn out to be a flop.

After the indecisive summit in March in Brussels, Chancellor Helmut Kohn stressed he would push for clear progress on economic, budget and broad political issues at the Stuttgart meeting.

Monday's announcement there will be a general election in Britain on June 9 is only the latest blow to Bonn's hopes of a summit success to crown its six months as chairman of the Community Council.

Bonn is broadly in sympathy with Britain's demand for an EEC budget rebate. It is assumed by government officials here that the Prime Minister, Mrs Margaret Thatcher, will be able to show little flexibility on the issue in Stuttgart—days before the British vote.

It is also expected that Britain will maintain its reserve to the German-Italian plan for a declaration on European political union, an idea enthusiastically backed by the Bonn Foreign Minister, Herr Hans-Dietrich Genscher.

Bonn also finds itself in a dilemma over the Commission's latest proposals on the EEC budget—including the suggested rise in the value added tax share member states should pay over to Brussels.

The Finance Ministry is firmly opposed to the plan, saying it would cost Bonn an extra DM 3bn (£780m) a year and insists that the first step in Brussels must be to cut expenditure — not increase revenue.

The Foreign Ministry is more flexible, noting that with enlargement of the EEC to include Spain and Portugal — a political aim Bonn says it firmly supports — EEC expenditure will have to increase in any case.

This dilemma has not yet been resolved within the Bonn Government—and it will prove hard to do so in scarcely four weeks to the Stuttgart meeting.

Directive on worker participation delayed

By John Wyles in Brussels

THE European Commission's adoption of a revised directive requiring various forms of worker participation within the EEC looks likely to be delayed for several more weeks because of severe drafting difficulties.

This news is unlikely to cause great distress in most Community capitals which have sharp reservations about the proposed Fifth Company Law Directive which was due to be adopted on April 7. But the delay will be seen by the European trade union movement and a number of left-wing parties as evidence that the Commission is bowing to the demands of two giant multinationals, Royal Dutch Shell and Unilever.

This is because a last minute redrafting has been imposed on the directive by Mr Frans Andriessen, the Dutch commissioner responsible for competition policy.

As a result, Commission experts are trying to find a legal formula which would not threaten the present management structures of the two Anglo-Dutch companies nor create such a broad exemption that other companies might slip through the net.

The aim is to keep Royal Dutch Shell and Unilever subject to the proposed participation arrangements while ensuring that their present management system are not overturned. In the case of Unilever, this means preserving the present arrangement whereby the British and Dutch halves of the company are administered by two boards with the same membership.

Under the proposed directive, the companies' employees in both countries will be involved in the appointment of executive directors. The Commission has been told that these dual systems could fracture the identical membership of the Uunilever boards.

Royal Dutch Shell's problem is more obscure, although officials are working on the assumption that it is broadly similar to Unilever's. However, the energy giant's structure differs in that its two halves are not ruled by identical directors.

The issue would not have arisen if the Commission had followed the European Parliament's opinion that groups of companies should be exempt from the directive's scope. But the Commission took the view that this would narrow its impact too severely

The Commission's draft will enable companies to retain a unitary board system or to introduce a two-tier arrangement. Employee participation can be organised, according to a member state's preferences, in one of four possible ways:

- Management or supervisory board representation with employee representatives filling at least one third and at at most one half of the seats.
- Co-option of employees to a supervisory board.
- Creation of an employee representative body with advanced consultation and information rights.
- Collective agreements establishing participation arrangements.

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'Crisis cartel' plan for EEC plastics under fire

BY CARLA RAPOPORT IN FRANKFURT

THE formation of a "crisis cartel" in the European plastics industry has come under fire from Prof Matthias Seefelder, retiring chairman of BASF, one of the big three German chemical companies.

Speaking after BASF's annual Press conference, Prof Seefelder said that a multilateral solution to the problems of over-capacity with the industry is "not feasible or permissible." Companies should make their decisions on cutbacks individually," he said.

Dr Seefelder confirmed, however, that he would be attending a gathering of executives from Europe's largest chemical companies in Brussels on May 30. The meeting has been called to review a new report on the European industry and to consider possible schemes for industry-wide rationalisation. The meeting will be attended by Viscount Etienne Davignon, European Industry Commissioner.

"I'm very pessimistic that this will lead to anything. But you can't stay away," said Prof Seefelder. He said that his company had made substantial cutbacks in the last year—including a 48 per cent reduction in the group's capacity to produce low density polyethylene, a plastic used in the packaging industry for sheeting and film. These and other cutbacks, he said, have significantly reduced the group's losses in plastics.

Dr Herbert Willersinn, a member of BASF's executive board of directors, however, said that the meeting in Brussels could yield some bilateral agreements between companies interested in swapping assets in order to consolidate their operations and improve their profitability.

The European plastics industry is currently losing around $2.5bn a year. Last summer, the nine major chemical companies met in Brussels but were unable to agree on a multilateral plan for rationalisation. An industry-wide study, which was commissioned at that time, has been recently completed. It is understood that the report makes a strong case for further cutbacks in capacity throughout Europe.

Improvement at BASF, Page 35

Concessions offered in Walesa letter

By Christopher Bobinski in Warsaw

MR LECH WALESA, the leader of Solidarity, Poland's banned trade union, is continuing his campaign to capture the middle ground and coax the authorities to the negotiating table before the Pope's visit here in June.

He has now offered important concessions to the authorities in a letter delivered to Parliament which will rouse opposition from Solidarity's radical wing.

Given the authorities' preoccupation with last week's attack in a Soviet weekly which is seen as a warning against liberalising concessions, the move stands little chance of immediate success. Nevertheless, the Church, too is pressing the Government hard to talk to Mr Walesa and his colleagues.

Amnesty demand

The letter was signed by officials of other banned unions at a meeting last Friday which led to the detention for 48 hours of all the signatories bar Mr Walesa.

It demands an amnesty for political prisoners and the reinstatement of those who have lost their jobs, but also tacitly recognises the legislation which banned Solidarity and the other unions last autumn.

According to government figures just before martial law was imposed in 1981, *Solidarity had* 8.1m members, "the branch" trade unions closest to the government had 2.2m, the independent "autonomous" unions 600,000, and the teachers union 300,000.

Former officials from all four movements signed the letter which asks that the authorities permit more than one union be set up at the factory level now, rather than wait until December 31 1984, as foreseen by the law.

The signatories presumably hope that this would permit them to rebuild their movements alongside the union founded at the beginning of this year and now claiming 2m members.

Reforming French education proves an explosive subject

The Government is only belatedly consulting the students, writes Paul Betts

"THE FRENCH national education system was the leading enterprise in the world after the Red Army but before General Motors," Baron Olivier *Guichard*, the *Gaullist politician*, liked to say when he became Education Minister the year after the 1968 student riots.

Fifteen years later, there could not be a sharper contrast than the reputed *efficiency* of the Red Army and the general state of chaos and turmoil prevailing in the French education system, especially at university level.

But, like General Motors, *which has spent billions of* dollars retooling itself for the recovery, the French Government is attempting to introduce a series of reforms to improve the quality of higher education while maintaining the system as free and democratic as possible.

This effort, launched after the Left came to power in May, *1981, appears to be backfiring* badly. If the demonstrations of the past few days have been a *far cry from the riots* of May, 1968, they are none the less an eloquent reflection of the general *state* of unease and tension among students at a time when youth unemployment is growing at an alarming rate.

M Alain Savary, the Education Minister now at the centre of the storm, was seeking to calm the dispute over his reform of the university system yesterday by meeting for the first time the so-called "national co-ordination of students against the Savary project."

This long-winded term refers to the grouping of independent students (although they have been accused of being sympathisers primarily of the Right) who have been leading the sometimes extremely violent street demonstrations in *Paris and in the provinces.*

Whether the students are from the Right or the Left, or even whether they are being manipulated by some sinister powers or not, the fundamental issue involves the *state* of French education. M Savary, from the beginning, decided to address himself to a radical reform of the university system as a priority.

The problem of higher education is that it is basically split into two disparate systems. There are the so-called *grandes ecoles*, institutions dating back to the 18th century which *Napoleon expanded. They are* the cream of French education. It is necessary to pass a tough examination to enter these colleges.

Success assured

After the baccalaureat — the examination students take at the end of their secondary *schooling—it can take up to* two years to prepare the entrance examination to one of the *grandes ecoles*. For those who succeed, professional success is usually assured. The top ranks of the civil service are filled by graduates of these colleges.

There is no question of changing the status of the *grandes ecoles*. The current reform is directed to the universities at a time when the gap between universities and the *grandes ecoles* continues to widen.

After the 1968 protests, French university students won a greater voice in the affairs of the university with a strong 30 per cent representation on the universities' administrative councils. But the so-called process of making universities *more* Democratic *also led to a* general erosion in standards making, in the words of many students, a university degree a devalued object. Any students with the baccalaureat can go to university.

Ironically, it is a left-wing government which is proposing to improve the standard of university education by seeking to make universities more selective, more competitive and by trying to restore some of the lost credibility of degrees.

M Savary has stressed that his reforms would safeguard the concept of the so-called free *and open university* won by the students after 1968. Indeed, he claims many universities have surreptitiously been adopting at times screening processes which go against all the new democratic principles of university education.

Under his proposals, anyone with a baccalaureat can still go to a university. But the system would be split into two cycles. After a first cycle of two years, students would take an examination and gain a diploma. Failure would prevent them continuing into the second cycle, where they would enter a so-called *filiere or specific branch of* study including, for example, traditional subjects like law or economics, or new subjects like electronics and engineering. There would inevitably be a selection process for some of these *filieres*.

M Savary also wants to make universities more in tune with the job market. Hence, he has proposed to "professionalise" universities, not only by the selective system of the *filieres*, but by introducing personalities from outside the teaching world into the universities themselves.

These personalities from politics, business, unions and government would sit on the universities' administrative councils. At the same time, however, the students' participation on these councils would drop to 15-20 per cent. The idea is to enhance the university system by giving it a direct link with the world outside the campus.

The students are not all opposed to the idea of improving the system and bridging part of the great divide between universities and the *grandes ecoles*. But the Government appears to have miscalculated the apprehensions in the student *movement about the reforms.*

It clearly failed to communicate its proposals *adequately to the student body.* Instead, it opted for a somewhat high-handed approach of submitting the reforms to the National Assembly as a *fait accompli*. This is what happened with the medical students who took to the streets of France after reform of medical education was approved by the French Parliament.

Strands of opposition

The students are far from united in their opposition. This is what has made the Government's task so difficult. For a start, many students have taken to the streets without really knowing what they were demonstrating against. Then there are the students of the law faculties who regard their specific branch as selective already, making the Government's proposals redundant. These students were the first to protest because they fear that the two-cycle system will undermine the quality and academic prestige of their faculties.

Other students view the proposals to "professionalise" the system as an attempt to *reduce the student voice within* the campus. They claim the Government is trying to take away some of the influence they won after 1968. Others argue that universities should not be professional institutes but should retain *their independence* and autonomy

Through consultation and negotiation with the various student bodies, the Government is trying to resolve a situation that has the potential of again becoming very *explosive. So far,* M Savary has been reluctant to talk about compromises, claiming that he will go ahead and submit his proposed reform to the National Assembly on May 24.

It is highly ironic in a sense that, after painstakingly winning the support of the political parties, of the labour movement and even of French business for the university reform, the Government, in a characteristic display of administrative disdain, failed to consult the student movement properly.

It has now found itself in a *complex and dangerous plight* with no obvious solution

Comecon's problems prompt second thoughts on summit

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

THE 10 member countries of Comecon, the Soviet-dominated trading bloc, have run into further problems with plans to hold their first summit meeting since 1971. They have concluded that more preparation *is needed, officials* in Eastern Europe said yesterday.

The continued delay may come as a relief to the Soviet Union, which faces growing economic demands from most of its smaller partners, and as *a sharp disappointment to* others, such as Romania, which has been calling for substantial trading changes. Nevertheless, it denies Comecon an early opportunity to react to any East-West economic policies *agreed by Western governments* at their summit in Williamsburg later this month.

Closer integration of Comecon, which includes the Soviet Union, its six East European allies, and Cuba, Mongolia and Vietnam, was very important to assure a consistent supply of high technology weapons, Marshal Viktor Kulikov, the Warsaw Pact commander, said recently. *President Ronald* Reagan has put the issue of tighter controls on Western technology exports to the Communists on the Williamsburg agenda.

Senior Communist party secretaries have met several times in Moscow this year to prepare a summit, amid reports that a May date had been agreed. But one official said yesterday that no date had ever been fixed and, technically *therefore, that the delay was* not a postponement. The summit could still take place in the second half of this year or early next.

The most outspoken call for revision in Comecon has come from Romania. By its own wish it was cut out of many Comecon integration schemes be*cause it considered they were* designed to keep Romania in a state of pre-industrial helotry. In return, the Soviet Union has denied Romania the right to buy Soviet oil for roubles at the lower intra-Comecon price.

Now, however, Romania des*perately wants oil for soft cur*rency (roubles) and bigger Comecon markets for its ex*panded industries. So, President* Nicolae Ceausescu is asking openly for Romania to be "counted in" the oil-pricing system and to be allowed to increase Comecon sales in certain sectors.

Maverick

The problem is that the sec*tors in which Romania would* most like to "specialise" further have already gone to other countries, for instance aviation (the Soviet Union), computers (the Soviet Union and Bulgaria), buses (Hungary), nuclear power (Czechoslovakia and the Soviet Union).

It is also hard to see Moscow *agreeing to sell Comecon-price* oil to politically maverick Romania, when it is asking its more loyal allies to take a cut in oil deliveries because Soviet production has peaked.

But if all the other Comecon countries (apart from the three *non-European ones* whose political weight is slight) wanted a summit to go ahead, it is hard not to see them just ignoring Romanian complaints, as they have done in the regular meetings of the organisation's prime *ministers held each year.*

Certainly, Czechoslovakia and East Germany would like to *capitalise more on their long* industrial traditions and high skills with bigger market shares for their products. Hungary has long sought reform of the "transferable rouble" from a simple unit of account into a *proper multilateral means of ex*change. Poland also wants to appeal to its partners at the highest level for help for its collapsed economy. Only Bulgaria seems relatively happy with the way Comecon works.

But some of these countries may be having second thoughts about the desirability of a summit *as a result of Soviet calls* for tighter trade integration and increased powers for the Moscow-based secretariat (which is far feebler than the *European Commission in* Brussels).

Hungary, for instance, which has become Comecon's most outward-looking member, fears any "inward" integration moves and interference with its market-based economic reforms. Much as it has campaigned for Comecon monetary reform, it is currently doing well out of the unofficial "dollar trade," in which Moscow pays for a lot of Hungarian food products in hard currency.

The Soviet position is the most ambivalent of all. The *late President Leonid Brezhnev* may not have been the author of the idea of a summit—Mr Ceausescu claims that honour—but he openly supported the notion, until the last year of his life when he seemed to realise *it might create more problems* for the Soviet Union than it would solve.

Mr Yuri Andropov, the new Soviet leader, probably shares the same reservations, though he may have the added motive of wanting to get his domestic economic policy under way before facing his allies. The fact is that the Soviet Union *has been doing much better out* of Comecon recently. The prices of what it sells to East Euro*pean partners have risen*, on average, 7 per cent faster in 1981 and 1982 than the prices of what it buys *from them.*

This is very largely because the formula for pricing oil in Comecon—according to a five-year moving average of Opec prices—has translated the 1979-1980 Opec price surge into in*creases in Soviet oil prices of* 25-28 per cent in 1981 and of 21-27 per cent last year.

Shaky complaint

This deterioration in their terms of trade with the Soviet Union has aggravated the East Europeans, though the basis of their complaint is shaky, since *they have benefited in the past* from relatively cheap Soviet oil and, if Opec prices take off again, may do so again. Nor, however, is it of pure gain to Moscow, which has been forced to allow Eastern Europe to run a bigger trade deficit with it (Roubles 2.1bn in 1982).

Soviet calls for closer Comecon integration reflect a natural tendency to "circle the wagons" when the outside world looks menacing. But, except in a few limited areas, Comecon countries *seem to* want to do less, not more, business with each other. Eastern Europe desperately needs hard currency export revenue to service its high debt. The Soviet Union is having to *offset lower hard* currency revenue from oil sales to the West with bigger sales *of gas and other raw materials.*

Since the last Comecon summit the proportion of Soviet exports going to Comecon has dropped from 60 per cent to 50 per cent, while the Comecon share of total Soviet imports has fallen even more, from 61 per cent to 45 per cent. This trend will be hard to reverse.

AMERICAN NEWS

Brazil recovery doubts raise fears of further debt crisis

BY ANDREW WHITLEY IN SAO PAULO

IT IS RARE these days *to see* a newspaper photograph of a smiling Sr Antonio Delfim Neto, the durable Brazilian economic chief, who has been to the fore in one capacity or another for the last ten *years*, has been going through unprecedentedly rough times in recent months.

But there was *his* beaming face all over the front pages of last Thursday's Brazilian press, announcing *to the world that*, for the second month running, Brazil had racked up a record trade surplus. The *April surplus* figure was $606m.

As the Brazilian economic *strategy for 1983 stands or falls* on the achievement of a $6bn surplus over the year, the figures are *watched* with nail-biting interest by foreign lenders and the Brazilian authorities alike.

Sr Delfim has been blunt with his domestic critics that, in *his* view, the *internal* economy "can go hang" while he keeps to his external sector programme, enshrined with the international monetary fund and Brazil's private creditors last December.

In fact, the state of health of the domestic economy is deteriorating remarkably rapidly, with continuing lay-offs and a growing number of corporate failures. In addition, a daily lengthening list of Federally-owned enterprises and state governments announce publicly that they are unable to meet their external debt obligations this year.

Sr Antonio Delfim Neto

So much so, that last week one of Brazil's top businessmen revealed that he was now more *worried about the outlook for* the domestic economy than he was about the precarious *external* balance *of payments.*

Not that the payments figures show signs of coming good. On *the contrary, Brazil's obligations* this quarter and next still far exceed the programmed inflow *of hard currency, when* calculated on a cash basis.

Sr Ernane Galveas, the *Finance Minister, last* week dismissed bankers' talk that Brazil will need a new jumbo loan soon.

But *only* a few weeks *earlier* the Central Bank had warned that this was a likelihood if the renegade banks dragging their feet over participating in February's rescue package did not come in with an *additional* $3bn by June.

Sr Carlos Langoni, the bank's governor, is going to Washington *next week* for a new round of talks with the IMF, and possibly the U.S. Treasury.

To all intents and purposes the Treasury has been Brazil's "bank of last resort" for the *past six months, and* Mr Donald Regan, the Treasury Secretary, is sure to want to see what the Brazilian's latest *cash-flow* projections are.

He may well get a print-out *almost as alarming as that* of last November when the Brazilian liquidity crisis first *came out into the open* and the U.S. discreetly stepped in to bail Brazil out.

At the time a *$1.2bn* transfusion from the U.S. Treasury gave Brazil a vital breathing space to allow *it to get its* negotiations with the IMF and foreign bank creditors under way.

Net reserves today are heavily in the red, and Brazilian officials say privately that the country has actually had a "negative cash *position*" of $3bn-$3.5bn for several months.

The strain is showing up in payment arrears — on interest due on commercial loans and project payments, as well as delays in providing foreign exchange cover for transfers abroad and in finding vital export finance.

For all the *trumpeting* about the, undoubtedly good, April trade surplus, exports are still *proving disappointing.*

In the first four months of the year they were 15 per cent down on the level needed to achieve the $23bn exports target for 1983. The cumulative total is exactly the same as at the same stage last year, one of the worst in Brazil's recent history.

The great uncertainty is over the fluctuations of *Brazil's* trade revenue and payments each month. But, even if these are better than the notified export and import figures recorded in the Government's declared trade statistics, most *Brazilian* economists agree that the country is still in dire straits and needs extra liquidity urgently.

Sr Paulo Nogueira Batista Junior of the Getulio Vargas Foundation, the official economic studies institution, recently predicted that another renegotiation was inevitable. Also as powerful an individual as Herr Wilfrid Guth, co-chairman of Deutschebank, has also publicly doubted whether the present Brazilian recovery programme will be viable for much longer.

This quarter, interest payments on the $90bn foreign debt, plus repayments of capital not included in the rescheduling agreement, alone come to more than the planned disbursement of new funds.

Leaving the trade flows out *of the calculations* for the moment, when the services account and the repayments *due on the bank* for international settlements $1.2bn loan and the major Western banks' *$2.3bn* "*bridge loans*" are *included in the picture*. Brazil could show a $2bn deficit on the quarter's balance of payments.

In the third quarter of the year the financing "gap" could be even wider. One special alleviating factor this quarter has been a $408m project-related bridge loan from Japanese banks.

In the meantime, all the targets agreed with the IMF for *the Brazilian economy* are in disarray.

Most public attention during the recent visit to Brazil by an IMF official was taken up with a slightly irrelevant squabble over how the public sector deficit should be measured. What no one denied was that *it was already 50 per cent over* target.

In theory, the IMF can withhold the ne—t $411m tranche of its $4.9bn stand-by loan due to Brazil by May 31 on the grounds that the borrower has failed to meet conditions set out in the letter of intent.

There are flutters of nerves here over whether this might happen, but most officials and bankers think it unlikely. *If it* were to happen, the entire bank-IMF package of assistance would collapse immediately.

Nonetheless, next week's Washington talks are likely to mark a decisive *new stage in* that long-running soap opera: the Brazilian debt crisis—will the Amazon *giant fall off the* cliff or will Uncle Sam come to the rescue again, in the nick *of time? Watch this space.*

THE American Chamber of Commerce for Brazil, representing many of the major multinational companies in the country, has warned that a moratorium on *all* debt payments or a more far-reaching renegotiation of *debt is becoming an "increasing possibility,"* Andrew Whitley reports from Sao Paulo.

In its latest monthly bulletin, the chamber says there is a "growing perception that the (foreign debt) problem may be unsolvable by present approaches and mechanisms."

Even if the $6bn (£3.8bn) trade surplus were reached, the chamber says at least another $3bn is needed to close Brazil's balance of payments accounts this year.

The chamber calls for a massive debt restructuring programme, in which the burden would be shared by *other countries. But it* doubts whether this is feasible in the near future, and predicts that the *possible* consequences could be unpleasant for multinational companies.

Reagan steps up campaign to win support for MX

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday launched an intensive personal lobbying campaign to win congressional backing for his controversial MX intercon*tinental nuclear missile and his* wider arms control policies.

Mr Reagan gave the MX his *top priority as he returned to* Washington yesterday from a five-day campaign-style tour of *western states.*

Officials said he would devote the next few days to personal *telephone calls and face-to-face* meetings with both Democratic and Republican members of Congress at the White House.

Mr Reagan prepared the ground for one of his by now congressional arm-twisting operations with a speech in Ohio on Monday in which he expressed impatience at the continuing indecision over the MX on Capitol Hill, *which has now* lasted for over two years.

Insisting the U.S. was not building missiles to fight a war, but to keep the peace, Mr Reagan said defeat for the MX would be "*a blow to our* national security that no foreign power would ever have been able to *accomplish.*"

Congress has 45 working days from April 19, when Mr Reagan introduced his latest MX basing plan, to decide the missile's fate. A vote is expected some time in mid-June.

Mr Reagan's proposal calls for the prompt deployment of 100 MX missiles in existing Minuteman silos and an immediate start on the development of a new single-warhead mobile missile, *nicknamed the* "Midgetman" for deployment in the early 1990s.

Mr Reagan will make every *effort to convince a sceptical* Congress that the deployment of MX missiles will be fully "*integrated*" with *efforts to* achieve arms reductions, as recommended by his special *commission on strategic forces*, the Scowcroft Commission.

The commission's recommendations included a proposed shift of emphasis from multi-warhead missiles to single-warhead weapons like the Midgetman. It wants to see this process encouraged by counting warheads rather than missiles as a yardstick in *future arms control talks.*

Mr Reagan called a meeting of his National Security Council *yesterday to discuss whether the* U.S. negotiating position in the Geneva strategic arms reduction talks (Start) with the Soviet Union should be changed in the light of the commission's *recommendations.* Leading members of Congress have made their support for the MX *contingent* on such a change of emphasis.

Mr Reagan's original Start proposal called for both superpowers to cut their nuclear warheads to 5,000 each from the current *level of about* 7,500 and limit missiles to 850 each.

Officials said one option would be to drop the 850 missile figure altogether, in order to encouraged both sides to shift to the less threatening single warhead missiles. A missile limit, in the Administration's view, only encourages the Soviet Union *to* "put more warheads on each missile."

Ban on Nicaraguan sugar sales

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT *Ronald Reagan* is to take economic sanctions against the Sandinista Govern*ment of Nicaragua by virtually* eliminating Nicaraguan sugar sales to the U.S. market from October 1.

*The move, under consider*a-tion for the past month or so, is intended as a warning both to *Nicaragua* and to President Reagan's opponents in Congress that he is determined to "stay the course" with his controversial Central American strategy.

Nicaragua has already protested against the move, which would cut the country's 58,000-ton U.S. sugar import quota during the fiscal year 1984, by about 90 per cent.

Officials said "about a ship-load" would be allowed into the U.S. to symbolise the Administration's willingness to expand *economic relations* with Managua if it halts support of the Left-wing guerrillas fight*ing to overthrow the U.S.-backed* Government of El Salvador.

Nicaragua last year earned $15.6m (£9.9m) from its sugar *sales to the U.S., or about 3* per cent of its total export revenue.

Nicaragua's quota is to be redistributed among friendly Central American nations to "underscore the determination *of the Administration to sup*port democratic governments in the region," officials said. *Honduras would receive the* biggest share, followed by El Salvador and Costa Rica.

The action, well within the President's powers, *is intended* to signal Mr Reagan's resolve at a time when his anti-Nicaraguan policies are coming under increasing fire in Congress.

Democrats in the House of *Representatives are* planning a behind-closed-doors House session, perhaps next week, to hear *an account from the* Administration on the extent of covert U.S. aid currently being given *to the Right-wing guerrillas* fighting the Sandinista Government.

A vote on a resolution banning further funds for covert U.S. operations in support of the guerrillas is likely to be taken by the House Foreign Affairs committee tomorrow.

Tim Coone in Managua adds: Dr Sergio Ramirez, one of Nicaragua's three-man governing junta, described the U.S. *action "as an illegal measure* and a violation of all the international agreements and con*ventions.*"

U.S. budget compromise proposed

BY OUR U.S. EDITOR IN WASHINGTON

A KEY GROUP of moderate Republicans yesterday put forward a compromise proposal for next year's U.S. federal budget in an attempt to break the continuing deadlock between Democrats and the Republican leadership.

With the Senate well into the second week of its budget debate, the impasse threatens to prevent full congressional approval of a budget for fiscal 1984, *which gebins* on October 1.

Neither the Democrats nor Republican leaders have so far managed to rally the 51 votes *necessary to pass their respec*tive, widely differing versions in the 100-member chamber.

The five Republican moderates, who *are thought* to *hold* the balance of power on the Senate floor, proposed a real *increase of 6.5 per cent in de*fence spending—less than the 7.5 per cent favoured by the Re*publican leadership* and *the 10* per cent originally sought by President Ronald Reagan. However, it is more than the Senate Budget Committee's 5 *per cent* proposal, which the Democrats have adopted.

Some Conservative Democrats are supporting the 6.5 per cent figure, and the Democrats *appear generally more sympa*thetic than the Republican leadership to the new compromise *proposal.*

The moderates' plan would include a $14.3bn tax increase next year and a cash *limit* on benefits to individuals arising from the final 10 per cent instalment of Mr Reagan's three-*year tax-cutting* programme due on July 1.

The Senate moderates first *hope is to persuade the* Republican leadership to accept their proposals—if not, they could *take* their plan to the Democrats. The Republican leaders' draft budget would raise virtually no new taxes next year and preserve the July tax cut

The Republicans, however, are even in disagreement on *the need for a budget resolution* at all next year. Some feel a bad resolution would be better *than none.* Others believe it would be better to do without a resolution, if it meant depart*ing too far from* Mr Reagan's original proposals.

Some of Mr Reagan's advisers have told him he would be better off without a watered down budget resolution, which he cannot veto, and should return instead to traditional appropriations procedures, under which he can veto or approve individual *spending* bills as he wishes.

Nasa manoeuvres satellite

BY WILLIAM HALL IN NEW YORK

THE U.S. Aeronautics and Space Administration (Nasa) yesterday began edging the *world's biggest and most* expensive communications satellite towards its correct orbit, more than five *weeks after it went* astray shortly after its launch from the space shuttle Challenger.

The wayward tracking and data relay satellite (TDRS) is one of two satellites which will improve communications *between future space missions* and ground control.

The success of future space missions, in particular the important European Spacelab *mission in September, hinge* on the two satellites being in position because the existing network of ground tracking stations are incapable of handling the massive flow of data which the spacelab will *transmit back to earth.*

OVERSEAS NEWS

Thailand volunteers more flexible policy towards Vietnam

BY ALAIN CASS, ASIA EDITOR, IN BANGKOK

PROSPECTS brightened considerably yesterday for a serious dialogue between Vietnam and the non-communist states of south-east Asia over Kampuchea when Thailand revealed it was adopting a more "flexible" foreign policy. Thai officials *said this could include a visit* to Hanoi by Air Chief Marshal Siddhi Savetsila, Thailand's *foreign minister.*

Such a visit would mark a significant breakthrough in the search for a settlement in the three-year-old Kampuchean dispute, but would have to be accompanied by a withdrawal of Vietnamese forces from the Thai-Kampuchean border, according to officials in Bangkok.

Mr Nguyen Co Thach, Vietnam's foreign minister, recently said Hanoi would be willing to discuss withdrawing its troops 30 kilometres from the Thai border with Air Chief Marshal Siddhi.

The Vietnamese offer follows the fiercest dry season offensive by Vietnam against Khmer guerrillas along the Thai border since Hanoi invaded Kampuchea in 1979 to instal the regime of Heng Samrin.

Thai officials said they were "quite optimistic" that Hanoi's offer was genuine and that if Thailand agreed to hold talks in the Vietnamese capital this would be a "serious offer."

Air Chief Marshal Siddhi is to fly to the Philippines next week for talks on the matter. This will be followed by visits to the three other members of the Association of South East Asian Nations (Asean)—Singapore, Malaysia and Indonesia.

Thailand's more flexible foreign policy will be formally unveiled in parliament next week by General Prem Tinsulanonda, the Prime Minister, who was re-appointed to the office following the April 18 general elections.

Thailand's fresh *approach to* Vietnam apparently includes a subtle, if important change, in *Thailand's attitude towards the* big powers—notably the United States and China.

It will, *henceforth*, be based primarily on Thailand's "national interests," according to *officials.*

Vietnam clamps down on private enterprise

BY RICHARD COWPER, RECENTLY IN HANOI

VIETNAM is clamping down on private enterprise, which it regards as promoting unnecessary "bourgeois decadence" and the widespread black market in foreign goods and currency.

In the *last few weeks*, most of Hanoi's private restaurants and antique shops have been forced to *close down, apparently* because of prohibition increases in their licence fees. In Ho Chi Minh City (formerly Saigon), *thousands* of private traders, many of them dealing in black market foreign goods, have had their *taxes doubled.*

The clampdown does not, however, appear to have been extended *to farms or factories*, where over the last two years a more liberal system of financial incentives *has been success*fully introduced.

Production has been boosted by the so-called contract *system*, whereby peasants or workers contract with the state to produce a certain quantity of crops or goods and are allowed to sell the surplus on the open market or to the government at higher *prices. The scheme undoubtedly* played a major part in helping Vietnam to produce what it *claims was its best-ever grain* crop in 1982—a record 16.3m tonnes.

● A Western embassy *in Hanoi* has refuted allegations that thousands of Vietnamese labourers working in the Soviet Union and Eastern Europe are engaged in "slave labour" against their will.

The report contradicts recent U.S. State Department reports that the Vietnamese and East European governments were colluding to exploit Vietnamese internees as cheap labour.

UAE oil revenue falls 21%

United Arab Emirates (UAE) oil revenue fell 21 per cent last year as the world oil glut cut sales, according to a central bank report, Reuter reports from Abu Dhabi.

Oil exports, which provide nearly all the Government's income dropped to $14.5bn compared with $18bn in 1981. Natural gas sales rose 25 per cent to $1.5bn while total imports dropped 5 per cent to $9bn.

Faced with a revenue slump, Abu Dhabi emirate has said it will shelve projects costing $1bn this year and cut spending on others under a 1983 austerity budget.

Nigerian oil output up

Nigerian oil production is believed to have risen higher *than expected in April* to nearly 1.2m barrels per day, and output this month could be as high as 1.6m b/d, Reuter reports from Lagos. April output had been expected to be only slightly up on the 900,000 b/d for March, Nigeria's third consecutive month under 1m b/d.

African Development Bank meets

Africa's largest annual financial gathering begins today when over 800 delegates representing 68 member countries and observers from commercial banks and international organisations attend the opening of the 19th annual meeting of the African Development Bank (ADB), Michael Holman writes from Nairobi.

Flight to Kabul

Hundreds, possibly thousands, of people have fled to Kabul following intensive bombing and shelling by Soviet and Afghan forces of the Shomali region north of the capital, western diplomats said yesterday, AP reports *from Islamabad.*

Nakasone 'no' to poll

Japanese *prime minister* Yasuhiro Nakasone has formally ruled out a snap general *election late next month* at the same time as a scheduled upper house poll, Reuter re*ports from Tokyo.*

K. K. Sharma in New Delhi assesses changes in a long-standing relationship

Mutual re-evaluation for India and USSR

INDIANS ARE concerned about *a sudden Russian brittleness in* commercial transactions with their most important ally in the *non-communist world*, and are wondering whether it heralds a change in their long-standing *relationship.*

The trade imbalance against Moscow started three years ago as India reduced *its* capital goods and machinery imports because of increasing self-sufficiency and *its dislike* of obsolete Soviet technology. Bilateral trade amounting to *$3.1bn in 1982* producing a $668m Soviet deficit, and the gap was expected to grow larger *this year on a higher trade turn*over of $3.6bn.

Now, Soviet purchases from India have *abruptly slowed* down, causing much hardship to sectors of the economy which *for years* have been dependent on the Soviet market. While watchers of Indo-Soviet relations discount the possibility that Moscow no longer attaches the same importance to its relations with New Delhi, they concede that the sudden tightening of the screws on its liberal imports of consumer items from India could stem from deeper reasons.

A previously unscheduled meeting is due to take place in *New Delhi* today between Mr I. V. Arkhinov, Soviet first deputy prime minister, and the *Indian Foreign Minister*, Mr P. V. Narasimba Rao. Normally the two would have met six months from now, for the *last annual meeting* of the Indo-Soviet joint commission was held only last September, when Mrs Indira Gandhi, the Prime Minister, made a much-delayed visit to Moscow.

Ostensibly, Mr Arkhipov *is* coming to talk about ways in which the Soviet Union can help *India in its development* programme. But the possibilities listed for discussion—help for a *steel plant, oil exploration*, nuclear power, an alumina plant and so on—are not attractive to *India because of* the Soviet Union's obsolescent technology.

The Soviet Union remains *India's main arms supplier.* It recently added the latest sophisticated MiG-27 to the list *of aircraft which it has allowed* the Defence Ministry to build under licence. It still supplies *T-72 tanks, cheap* artillery and a whole range of weapons.

Yet Moscow must have noted *with concern India's* decision to buy the expensive French Mirage 2000 aircraft and more *Jaguars from Britain*, quite apart from its sizeable shopping list of weapons *being* taken around Western capitals.

Of equal concern must be India's *loss of interest in Soviet* capital goods of the kind that enabled the Soviet Union to build more *than 80 massive* industrial projects in such sectors as steel, oil and *chemicals.*

India has preferred French technology for an alumina plant, Italian know-how for a Soviet-aided phamaceuticals company, Japanese collaboration for the automobile industry in addition to several thousand agreements with Western companies for modernising *Indian industry.*

More important, India is taking foreign policy initiatives which must make the Kremlin frown. Although Mrs Gandhi's much-publicised visit to Washington *last summer did not lead* to hoped for improvement in Indo-U.S. relations, she took the unusual decision to meet President Ronald Reagan before accepting a *long-standing* invitation from Mr Brezhnev last September.

> 'The Russians seem to want to remind the Indians they cannot be taken for granted'

The Soviet visit was her first since returning to power at the beginning of 1980, and was *given subdued publicity* after the Prime Minister had pointedly avoided going to Moscow in 1981 to take part in celebrations for the 10th anniversary of the Indo-Soviet *Treaty of Friendship.*

Mrs Gandhi's Cabinet colleagues are also getting out of the habit of a pilgrimage to Moscow, and the Russians would be right in thinking all this is a careful, though unobtrusive, effort by India to distance itself from Moscow's interests and policies. This impression is *further* strengthened by a progressive dissociation from Soviet policy in *Agghanistan, by the* attempt to build bridges with Peking and Washington, and by Mrs *Gandhi's apparent* determination to put the non-aligned movement, of which she is now *the chairman, on* a course different from President Fidel Castro, its last chairman, who *considered* Moscow a "natural ally" of the movement.

For the 12 years since the friendship treaty was signed, Indians have nursed the assumption that for political reasons the Soviet Union needs India more than India needs it.

While the assumption probably remains true, the Russians are suddenly disgruntled over the matter of commercial *exchanges*, and are acting as though they wish to remind the Indians they cannot be taken for granted. After all, although the Soviet Union is India's largest trading partner, imports from Indian account for less than 3 *per cent of Soviet* trade and Moscow could easily have avoided quibbling over what, for it, are relatively *minor* commercial transactions.

Instead, it has stopped buying Indian cashew and slashed imports of oilcakes, knitwear and other consumer goods — all with a suddenness that has caused distress and raised eyebrows. Critics of the India-Soviet rupee trade arrangement are again pointing out that dependence on a single market of this kind is *fraught* with danger.

As more than 80 per cent of Soviet exports to India consist *of crude oil* and refined products — markets presently in glut — Moscow is probably worried that *the economic link can easily* be snapped.

Mr Arkhipov's visit is therefore being seen as a form of arm-twisting, designed *to keep* Indo-Soviet relations on-track and, with luck, increase Indian purchases of Soviet *defence* equipment, capital goods and machinery which India either *builds itself or buys from the* West.

An Indian cosmonaut will *probably* go *into* space in a Soviet spacecraft this year. More people speak Russian in India *than in any other country out*side the East European bloc. These are symbols of close *relations, and there will* undoubtedly be more evidence in the form of aid, exchange of *delegations and the like. But if* the new signals are any guide, Indo-Soviet relations could change *in form* and content so that it may no longer be possible to talk of a Moscow-New Delhi axis.

Premier stands aside in Sydney

BY COLIN CHAPMAN IN SYDNEY

THE New South Wales premier, Mr Neville Wran, agreed yesterday to stand aside while a Royal Commission inquires into allegations made on a nationwide television programme that he and others may have tried to influence a court case.

Mr Wran is national president of the *Australian Labor* Party and probably the most significant politician in the country after *Mr Bob Hawke*, the Prime Minister. He will hand over the reins to his *deputy*, Mr Jack Ferguson, who is being hastily recalled from a trip to Bulgaria.

The *New South Wales* state attorney-general, Mr Paul Landa, bowed to ten days of *increasing* public pressure for a Royal Commission after the federal Opposition and the minority *Democrats* threatened to force a Senate inquiry over the case, which involves the former chief of the Australian rugby league, Mr Kevin Humphreys.

The magistrate involved in *the Humphreys* case, Mr Kevin Jones, has made a formal, but so far private, statement. *Mr Jones had discharged Mr* Humphreys in 1977 on nine counts of alleged misappropriation of money *from a club*

Mr Wran's alleged involvement in the case came to light in a current affairs programme put out by the Australian Broadcasting Commission. Mr Wran is suing the ABC for defamation over the allegations that he may have tried to influence the case, and has described the accusations as totally false.

Just as members of Mr Hawke's government were digesting the news that they will be without one of the party's most visible figures for some months, there was a further shock with the Prime Minister's sudden revelation that *the* Australian Security Intelligence Organisation had informed him that a senior *official of the Labor party* was a Soviet spy.

ASIO said they had shadowed *the man for six months and* found him to be the contact person for a Soviet diplomat *expelled from Australia* last week for spying.

At a meeting of the parliamentary party in Canberra yesterday, the Prime Minister refused to name the man. Under close questioning from ministers, however, he said it was not an MP.

India liberalises policy over 'monopoly houses'

BY K. K. SHARMA IN NEW DELHI

THE INDIAN GOVERNMENT yesterday came under sharp attack *from Left-wing opposition* parties after an announcement that the so-called large "monopoly houses" *would be* allowed to expand their operations in a number of key industrial sectors *hitherto* banned to them.

The Government has taken powers to declare such sectors *of "high national priority.*" The "monopoly houses," *defined* as those with assets of more than Rs 200m (£13.4m), are banned from normal *expansion* under the Monopolies and Restrictive Trade Practices Act.

They are *to be allowed* to set up new industries in specified high-priority areas. These in*clude chemical fertilisers*, newsprint, portland cement, pig iron, energy systems, electronic components, computer peripherals and software, some kinds of industrial *machinery, printing* machinery, machine tools and some life-saving drugs.

The *liberalisation* of the Government's industrial policy has surprised many indus*trialists.* They were pressing for changes on the grounds that companies able and willing to help in the country's industrialisation programme should be allowed investment opportunities.

Promoters of ventures in the new sectors will have to put up at least 20 per cent of the cost *of the project. The implication is* that they can borrow up to 80 per cent from Goverment-owned *financial institutions.*

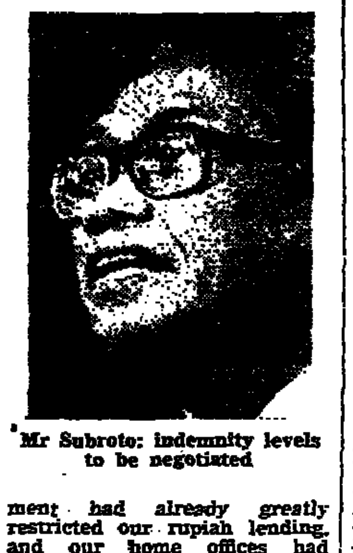
WORLD TRADE NEWS

Cancelled projects to be renegotiated by Indonesia

JAKARTA—*Contracts* totalling $5bn for four major industrial projects postponed by the Indonesian Government will be renegotiated by an inter-departmental committee to be established this week.

Dr Subroto, Minister of Mines and Energy, said the committee and contractors involved in the projects will discuss what might be salvaged under the Government's "rephasing" plan, the term used last week when the decision to reschedule a $1.6bn olefin complex, a $1.5bn aromatics plant, a $1.35bn oil refinery and a $600m alumina factory were announced.

Dr Subroto said the committee would renegotiate the contracts to arrive at a fair rate of indemnity since Indonesia *is* reneging on terms of the agreements. He said it will also negotiate to decide *on* proper compensation for banks that had made commitments to finance the projects, bidders *that* had tendered *for* contracts not yet awarded, subcontractors and suppliers.



Mr Subroto: indemnity levels to be negotiated

Total cost of indemnities, compensations and funds already invested in the projects has been estimated at $1bn. But it is understood the rescheduling will reduce Indonesia's projected $7.5bn current *account* deficit for the fiscal year that began April 1 by about $4bn.

The rescheduling was announced at the weekend by Prof. Ali *Wardhana*, the Economic Co-ordinating Minister, and was taken in response to continuing pressure on Indonesia's balance of payments. This has been hit by falling oil revenues and weak demand for the country's natural resource exports.

The crisis has been worsened by the recent 27.5 per cent devaluation of the rupiah.

One banker called the move "deeply disturbing" to local branches of foreign banks operating here. "The Government had already greatly restricted our rupiah lending, and our home offices had lowered our country limits for foreign-currency loans."

Meanwhile in Washington, the U.S. Export-Import Bank approved a $64.5m loan to a government-owned company in Indonesia for an alumina refinery project.

The U.S. agency said the borrower, P.T. Aneka Tambang, *has contracted with Kaiser* Engineers International and Kaiser Aluminum Technical Services, to provide engineering services and equipment valued at about $86m for the venture. The project is one of those affected by the "rephasing" programme. The Eximbank decision was undertaken before the Government's move was announced.

The Indonesian company plans to develop bauxite deposits on the island of Bintan for the production of alumina, an intermediate product used in making aluminium metal.

The Eximbank loan will be *at 10 per cent* annual interest.
AP-DJ

Exxon boosts investment in Hong Kong power plant

HONG KONG Exxon Corporation of the U.S. will increase *its investment in construction of* a coal-fired power station in Hong Kong by $750m.

A *company official* said the money will be used to build two 650 Mw coal-fired generating units in addition to two similar units which are now under construction as part of a joint venture with the China Light and Power Company.

A detailed financing plan and operations schedule will be submitted soon to the Government for approval.

The plant being expanded is called the Castle Peak B station. *British Prime Minister Margaret* Thatcher last year opened the first phase of the station, con*sisting of two 660 Mw coal-fired* generating units. Those units will be used in 1986 and 1987.

A possible issue in the Exxon decision to boost its investment is how it will relate to China's proposed $6bn Guangdong nuclear power station, whose success is predicted on Hong Kong being the primary metropolitan customer.
Agencies

UK-Italy helicopter pact stalled by election

By James Buxton in Rome

A MAJOR joint project between Britain and Italy for the building of a helicopter for both civil and military use is being held up by the early general election in Italy.

Parliament in Rome has so far failed to approve a bill providing funds for the *development of the military* version of the EH 101 helicopter which will be built by Westland in Britain and Agusta in Italy.

With parliament now dissolved and general elections not due until June 26, there is virtually no chance of the measure being approved until the early autumn, allowing for the time it will take to form a new government and for the Italian holiday period.

It had originally been hoped that the project would be *formally launched this spring*, having been agreed in principle last September by the two *countries*.

The EH 101 could become one of the most important *aerospace projects in Europe*, and will succeed the Tornado Multi-Role Combat Aircraft (MRCA) as the major military equipment project between Britain and Italy. The helicopter is primarily designed as a replacement to the British Sea King naval helicopter, and will be used by both the British and Italian navies, though the Royal Navy has the more urgent need of it.

There will also be a civilian version, and sales of both versions could amount to several *hundred*. The total development cost of the project is put at £450m spread over 10 years.

While *the Italian Ministry of* Industry has already allocated funds for the civil version of the aircraft, *the Ministry of Defence* is obliged to seek parliamentary approval for the military version. It *is asking for the equiva*lent of between £60m and £70m. Yesterday Agusta was not in a *position to say how much* practical effect the delay would have.

Though Westland could build the helicopter on its own, Britain is keen to involve *Agusta, one of Europe's leading* helicopter makers, partly because of its considerable *marketing skill in certain parts* of the world and partly to dilute its close connection with U.S. *technology, mainly that of* Bell, the helicopter maker.

Bridget Bloom, Defence *Correspondent*, adds: Westland, partners with Agusta in the new EH 101 helicopter, said yesterday that the company was still planning to go into full development in late June or early July. A spokesman said Westland had not been officially informed of additional delays on the Italian side but would be concerned if these were to mean that the beginning of full development—which involves the cutting of metal—had to be put off until the autumn.

British Ministry of Defence funding is expected to continue at the current rate of some £1m a month, Westland said.

Japan, S. Korea undercut bids for drill rig

By Fay Gjester in Oslo

JAPANESE AND South Korean yards invited to quote a price for building a new type of offshore drilling rig have offered to build it at about two-thirds of the price quoted by yards in Europe and Norway, it was revealed here.

The quotes were sought by Norsk Hydro and Polar Frontier Drilling (a partnership between Sonat of the U.S. and Norway's Wilh. Wilhelmsen shipping group). A total of 16 companies—in Norway, Europe and the Far East—were invited to submit prices, based on *design proposals for a heavy* duty rig, purpose built for work in Arctic waters. The Norwegian and European yards said they could do the job for about $150m, the Japanese and South Koreans wanted only about $100m.

A decision on whether to build the rig—and if so, where—is expected late this month or early in June. In view of the big price gap, the order seems virtually certain to go to one of the Far Eastern yards. Wilhelmsen and Hydro have *stressed however* that Norwegian suppliers can expect to receive most of the work for the rig's equipment.

India order for 14km conveyor belt

By Our World Trade Staff

INDIA'S National Aluminium Company, currently building a $1.5bn integrated bauxite mine, alumina refinery and smelter complex in Orissa State, has placed an £11m contract with Cable Belt of the UK for the supply of conveyor equipment.

The conveyor system is said to be the longest in Asia and will run over 14 km. Cable Belt *says* it expects to complete the system by 1985.

The conveyor is part of more than 80 km of conveyor systems supplied to the bauxite mining industry throughout the world in recent years, Cable Belt said.

EFFORTS TO ATTRACT U.S. AND FAR EAST SHIPOWNERS

Bahamas waves its flag of convenience

BY NICKI KELLY IN NASSAU

"GIVEN THE dire straits of the shipping industry, the Bahamian registry has shown surprising and remarkable *growth over the past two years*," Mr Philip Loree, chairman of the Federation of American Controlled Shipping, observed recently. Addressing the second ship registry conference to be held in Nassau by Bank America Trust and Banking Corporation, Mr Loree predicted that U.S. shipowners would in time become the predominant shipowner nationality on the register.

Although for technical reasons American shipowners have been slow to use the *Bahamian register, there is* little doubt that the Bahamas must now be considered a *serious* contender among open registry countries.

Since 1981 the fleet's gross tonnage has quadrupled to over 800,000 tons, and will exceed 1m by the end of the year. The 129 ships registered represent some *of Europe's* leading shipowners, among them Lauritzen, Maersk, East Asiatic, Cunard *and Globtik*.

Most of the growth of the last two years has followed the 1980 *military coup* in Liberia, the largest of the open registry countries. How much, if any, of the rise in Bahamian registry is attributable to the coup is uncertain.

The Bahamas is also anxious to see Hong Kong shipowners, already large users of open registries, make more use of the Bahamian register over the next few years.

Open registries, more popularly known as flags of convenience, are used by shipowners to save on taxes and operating costs. They also benefit shipowners because they offer fewer restrictions, *especially on crew nationalities*.

Last month a delegation led by the Prime Minister Sir Lynden Pindling spent ten days in Hong Kong and Tokyo pro*moting the Bahamian register*—the first time such a tour has been undertaken by an open *registry* country. *Between them* Hong Kong and Japanese shipowners control 31 per cent of the world's open *registry tonnage*.

The visit was by all accounts an *overwhelming success, with* strong indications that as the shipping market begins to recover from the recession, the Bahamas rather than Liberia or Panama will benefit from the registration of new carriers by Far Eastern shipowners.

Efforts, however, to attract U.S. shipowners have proved disappointing, although the Bahamas Merchant Shipping Act was amended last year at American request to allow foreign shipowners to commit their Bahamian-registered ships to the effective control of their own governments in time of war or national emergency.

U.S. military authorities have maintained that the changes lack the flexibility required by the U.S. Effective Control Act. Under Bahamian law all shareholders, not just the majority *owner, must consent to commit*ment of a vessel. Commitment can only take place where there is a declared state of emergency. As a result only three American-owned ships, belong*ing to Exxon and Getty Oil*, have been registered.

Last December the Federation of American Shipowners agreed to add the Bahamas to the list of three open registry countries approved by the Federation, providing the Bahamas was also recognised by the Joint Chiefs of Staff.

Countries already qualified are Liberia, Panama and Honduras. With Honduras no longer considered a viable open registry the Bahamas became the logical third choice, Mr Loree noted. He is confident that once the technical differences are resolved, U.S. shipowners will become a significant force on the register. Next month the Ministry of Transport will supplement its London office with another in New York to facilitate registration by American shipowners.

The Bahamas is anxious not to be stigmatised by the poor safety record often attributed to flags of convenience. Government policy has been to accept only those ships able to meet the strictest international standards of construction, safety and *crew competency*. "We have no intention of sacrificing quality for quantity or allowing the fleet *to expand beyond the* supervisory capacity of the Ministry of Transport," the Minister, Mr Philip Bethel has emphasised.

Two criticisms often levelled at open registry countries are that they are unable *effectively* to control ships under their flag and frequently do not know the identity of the ship's true manager.

To enforce the standards set down by the International Maritime Organisation (IMO), all applications for Bahamian registry are screened by the six major classification societies. Their surveys are supplemented by on-the-spot checks by some 350 nautical inspectors covering 65 countries and 200 major ports.

In the six years of open registry the Bahamas has experienced only one total loss *casualty, and that a relatively* small vessel whose anchor cable parted in rough weather.

Additionally the Ministry requires registration of the name and address of the managing owner, manager or ship's husband handling the day-to-day management of a ship. The same responsibilities and liabilities are applicable as to the managing owner.

In the long term the most significant development is likely to be the number of shipping companies that decide to establish administrative offices in the Bahamas. It is estimated that a company managing a fleet of ten ships could pump from $1.5m to $2m into the economy annually.

U.S. Steel's shipping subsidiary, Navios Corporation, operated from the Bahamas for 26 years until economic considerations forced consolidation of all shipping operations in *New York in 1980*. Now Europe's Vlasov Group, which already has two ships on the *register*, is preparing *to open* a Nassau office, and several other companies have indicated they intend to follow suit.

Liberia defends open registry

BY PETER BLACKBURN IN MONROVIA

LIBERIA will continue to oppose any move to phase out the open ship registry system by which shipowners register their ships in a variety of foreign countries.

Liberia, the world's largest open registry, or flag of convenience, country, will make its view known at the *UN* Conference for Trade and Development, known as *Unctad VI, to be held in* Belgrade throughout June.

The international confer*ence will deal with a wide* range of international trade issues, among them national *versus open registry of ships*.

The view was made known by Mr Jesse Montgomery, Liberia's Deputy Commissioner for Maritime Affairs. In an interview, he said a phasing out of open registries "would not promote the growth of national shipping fleets."

With 2,225 ships totalling 70m tonnes registered under its flag, Liberia has the world's *largest shipping fleet*. More than 200 vessels have left Liberian registry since *1980, but Mr Montgomery* denied this had had any relationship to the military *coup* that year, and *blamed* the loss on the economic recession.

He said *the average age of* Liberian ships was falling and was now just 11 years. In addition, shipping standards had been tightened and inspection controls are now among the most stringent in the world.

The open registry is a major source of foreign exchange for the financially hard-pressed Liberian Government. Revenues reached a record *$24m in 1982 and have* practically doubled since 1979 despite the decrease in fleet *size*.

Tonnage taxes were raised another 5 cents a tonne in *January 1983 after tripling to* 30 cents at the start of 1980. A further 5 cents a tonne *rise is scheduled for January* 1985. The programme of increases was decided by the previous government in 1979.

UK NEWS

Money supply expands at twice target range

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

MONEY SUPPLY has been growing at about twice its target rate since the start of the latest measuring period in February, according to the latest official estimate published yesterday.

Provisional estimates for the April banking months suggest that sterling M3, the broad measure of money supply, grew at an annualised rate of about 20 per cent in the month and at only a slightly slower rate in the two-month period March and April.

This compares with a target annual rate of growth of between 7 per cent and 11 per cent for the 15 months from February. The fast rate of growth probably reflects the surge of government spending at the end of the last financial year as departments tried to use up the remains of their 1982–83 cash allocations.

Nevertheless, the steep increase in the rate of growth of the money supply presents the authorities with a policy dilemma, since it is by no means clear whether the recent surge in government disbursements will be offset by a slackening in future months.

In the absence of an election campaign, the latest money supply figures would clearly suggest that interest rates would not fall for a while. However, by an unwritten convention, interest rates are not usually changed during a campaign.

Yesterday's figures show, however, that lending by the London clearing banks increased slowly in April. The figures suggest that the total increase in lending by the banking system will turn out to be about £400m to £500m, less than half the increase in recent months.

Mr Robin Leigh-Pemberton, chairman of the National Westminster Bank and governor-elect of the Bank of England, said at the NatWest's annual meeting yesterday that he expected a further modest decline in interest rates in the next month or two.

Yesterday's figures showed that M1, the narrow measure of money, (which includes notes and coin and bank deposits which can be withdrawn without notice), grew by between 1 per cent and 1¼ per cent in April, the equivalent of an annual rate of 14½ to 15 per cent.

Mortgage tax switch lifts life business

By Eric Short

BUSINESS is booming at the traditional life companies again – largely, it seems, a result of the introduction by the Government of the new system for crediting tax relief on mortgage interest and a revival in the housing market.

Figures issued yesterday by the three life associations – the Life Offices Association, the Associated Scottish Life Offices and the Industrial Life Offices Association – showed that new annual premiums on ordinary life business in the first quarter nearly doubled from the first quarter last year rising to £160m from £86m. Last year new ordinary life premiums rose only 6.6 per cent.

Under the new system of Mortgage Interest Relief at Source, the householder pays mortgage interest net of basic rate tax instead of paying gross and reclaiming tax through a pay-as-you-earn coding. The changeover has meant that repaying a mortgage through an endowment policy from a life company can be financially advantageous compared with the normal repayment method.

Building Societies and life companies have had much success in urging borrowers to consider changing the method of repayment.

Further 1,000 jobs lost in steel mill closure

BY NICK GARNETT AND IAN RODGER

BRITISH STEEL Corporation has announced a further 1,000 job losses in its depressed plates and tubes businesses and the indefinite closure of one of its four remaining plate mills.

● The Hartlepool plate mill is to be closed, with the loss of 1,000 jobs, 335 of which had been announced in January.

● A further 229 redundancies will be made in Scotland at the Clydesdale tube making plant, and 93 jobs will be lost at the Calder tube finishing works.

BSC denied union allegations that the Hartlepool mill was being mothballed so that more slabs would be available to supply U.S. Steel Corporation as part of a proposed joint venture.

"There is absolutely no connection between the stand-down of the Hartlepool plate mill and any proposals to supply steel slabs to the U.S.," a BSC spokesman said.

BSC said the Hartlepool closure was made necessary by continued weak markets, especially in shipbuilding and heavy engineering industries.

UK consumption of plate had fallen from 1.5m tonnes a year in the mid-1970s less than 900,000 tonnes. The plate mill at Clydebridge, in Scotland, was closed last December, but BSC's plate business was still losing £2m a month.

Mr Bill Sirs, general secretary of the Iron and Steel Trades Confederation, the main steel union, said that part of the problem was that imports of plate were flooding into the country and the Government had done nothing to stop them.

BSC replied that that was nonsense. The corporation had more than 70 per cent of the UK market for plate, more than its home market share in most products.

BSC Tubes said redundancies at Clydesdale and Calder were foreshadowed in March when the company made a second application for short-time working aid from the Department of Employment. This was rejected last week.

After yesterday's announcements, employment at BSC is less than 82,000, down more than 20,000 in the past year. The corporation is aiming to reduce its payroll to about 75,000.

Steel cuts in the past few years have been a major factor in pushing the unemployment rate at Cleveland above 20 per cent, and that at Hartlepool to about 24 per cent.

Delay on naming new steel chief

THE GOVERNMENT is delaying an announcement of a new chairman for the British Steel Corporation until after the general election. A candidate to succeed Mr Ian MacGregor is believed to have been chosen and an announcement would probably have been made in the next two or three weeks.

But Ministers have decided that, along with various other major appointments and policy decisions, the naming of the chairman should be delayed. It is understood that the appointment will be non-executive, which indicates that Mr Bob Scholey, at present the deputy chairman, may become chief executive.

Crops warning

FARMERS in some parts of Britain are up to four weeks behind schedule in planting root crops and cereals. Waterlogged land has prevented many crops from being planted, and growers in Lincolnshire, Britain's main area for root crops, yesterday gave a warning of severe shortages and price rises unless there was an immediate improvement in the weather.

"Cereal crops could be 50 per cent down this year, and if potato yields drop there could be a massive shortage," a spokesman for the National Farmers' Union said.

Sanction deferred

THE DEPARTMENT of Trade has deferred a decision on whether to permit the U.S. airline People Express to start cheap-fare flights between Newark (New Jersey) and Gatwick, near London.

The airline had been hoping for UK approval to start flights from late May, charging $149 for a single fare. U.S. Civil Aeronautics Board approval for the airline was given some time ago, but the Trade Department says it needs more time to consider the competitive implications of the proposed service.

Railways pledge

EXTENSIVE rail closures in Britain were firmly ruled out yesterday by Mr David Howell, Transport Secretary. "The Government and the Conservative Party have no programme of major route closures," he said.

BRITAIN PREPARES FOR GENERAL ELECTION CAMPAIGN

The heavyweights gang up to knock out the Alliance

BY MARGARET VAN HATTEM, PARLIAMENTARY CORRESPONDENT

MR WILLIAM WHITELAW, the Home Secretary, cries in ringing tones that Labour is mad, taken over by left-wing lunatics. Mr Michael Foot, the Labour leader, goads the Prime Minister, with "cut and run" (a reference to ships which cut off their anchors in their haste to escape the enemy).

Underneath the surface, however, the two major parties are co-operating nicely on their first major task of the election campaign – putting the boot into the Social Democrat/Liberal Alliance.

The first round went to the big parties yesterday, when Labour announced it would hold its daily press conferences at 9 am, coinciding with the Alliance. As the Tories and the Alliance had already announced that they would go for 8 am and 9.30 am respectively, the obvious time for Labour would have been 10 am.

Instead, they have ensured that, unless the Alliance switches its time, its conferences may be attended only by enthusiasts and junior reporters.

The second round comes tonight when the chief whips – parliamentary party officers – of all the parties meet the broadcasting companies to work out the allocation of time for party political broadcasts.

The two big parties are determined not to let the Alliance have equal time – some officials even saying that they would rather do without broadcasts altogether than give way. Some Alliance officials have said that they are prepared to take the matter to court.

Alliance leaders and MPs were meeting last night to discuss the party's policy statement, slogans, campaign themes – and how best to combat the "foul tactics" of the big parties.

The Cabinet and Shadow Cabinet met earlier in the day to discuss campaign strategy. Labour's campaign committee – members of the Shadow Cabinet, the national executive committee and union leaders – also held their first meeting.

The committee appears to have been successful in one of its primary aims – extracting a large but as yet undisclosed amount of campaign money from the miners' union leader, Mr Arthur Scargill. It also appears to have settled on Labour's campaign slogan: "Vote positive, vote Labour."

Labour is still having less success than the Tories over difficult selections of candidates. Sir Anthony Meyer, the Conservative MP for West Flint, finally wrested the new Welsh seat of Clwyd from the Tory European MP, Miss Beata Brookes, at a stormy meeting on Monday night.

Meanwhile, in London's Brent East, Mr Reg Freeson, the sitting Labour MP, was warning off Mr Ken Livingstone, the left-wing leader of the Greater London Council. Mr Livingstone warned Mr Freeson that the matter could well end in court.

Tebbit calls for strike legislation

By Kevin Brown

MR NORMAN TEBBIT, the Employment Secretary, made clear in the House of Commons yesterday that legal restraints on the trade unions would be a major theme of the Conservative election campaign.

He confirmed that the Government would legislate to enforce secret ballots before a strike was called, if the Conservatives were returned to office.

Mr Tebbit clashed bitterly with Labour MPs as he described the shortcomings of mass strike meetings at which, he said, infiltrators went unchecked and votes were counted by shop stewards unable to see all those present.

The Minister scathingly dismissed angry Labour claims that his proposals for democracy in the trade unions were notably absent from the hierarchy of the Conservative Party, and that the plan for secret ballots was simply a propaganda exercise to frighten the unions.

Tories accuse Labour of irresponsibility

BY PETER RIDDELL, POLITICAL EDITOR

THE CONSERVATIVES will concentrate their general election attack against Labour on accusations of financial and international irresponsibility.

This has become clear from the comments of Conservative leaders during a series of interviews in the last two days. Mr William Whitelaw, the Home Secretary, has talked of Labour wanting "to change the basis of society in this country."

Several other Ministers have focused on the suggestion that Labour's defence policies were solely of comfort to the Kremlin.

On the economic side, the Conservative argument has been that Labour's policies would devalue sterling and push up the rate of inflation.

The Conservatives will contrast this with an appeal to "sound money" and patriotism.

Labour's emphasis will be on the social divisions created by the Tory Government. The speeches and comments of Labour spokesmen turn on an appeal to the party's traditional values in an attempt to stimulate support among working-class voters.

Mr Neil Kinnock, the party's education spokesman, warned that "anyone voting Conservative is voting for more unemployment, insecurity and economic decay."

Similarly, Mr Tony Benn, a left-wing MP, argued that the election campaign would be a return to basic issues, in effect a "them or us" election.

Mr Benn told South Wales miners: "We are up against a very destructive Government, a very cruel Prime Minister, and up against a very brutal system, which values people solely in terms of their capacity to contribute to profitability."

The leaders of the Social Democrat/Liberal Alliance have been stressing the need for an alternative to what Mr Roy Jenkins yesterday described as "the sterile squabbling of Labour and Tory."

Mr David Steel, for the Liberals, said the Alliance now had enough people on the ground and in leadership to offer a third choice of government.

Scottish Nationalist conference cancelled

By Mark Meredith in Edinburgh

THE SCOTTISH Nationalist Party (SNP), which has two members in the outgoing Parliament, has cancelled its annual conference, due to start in Glasgow on May 26, to allow it to concentrate on campaign preparations.

The party manifesto is due out next week but candidates have been selected for only about 50 of the 72 Scottish seats. The SNP's national executive will meet this weekend and will consider choosing a candidate to oppose Mrs Margaret Thatcher in her constituency of Finchley, London, on the issue of Scottish independence.

The SNP earlier this month tried to patch up a year-long feud between a group of left-wing members and more traditional party followers.

Mrs Winifred Ewing, the SNP European MP, is among candidates who will be contesting the Orkney and Shetland seat, from which the former Liberal leader Mr Jo Grimond is retiring.

● The Scottish Conservative Party conference is to go ahead in Perth tomorrow, although it has been shortened by one day.

Civil servants challenge rules

By Ivo Dawnay

LEADERS of Britain's largest Civil Service union warned yesterday that large numbers of government employees intended to flout official restrictions on their political activities during the election campaign.

Delegates to the Civil and Public Services Association's conference in Brighton underlined resentment at the limitations with an unanimous vote which instructed their executive to negotiate an end to the rules.

Mr Steve Cardownie, a national executive member, said many civil servants were certain to speak out on the state of the service, despite the risks of facing disciplinary action or even dismissal.

"Ordinary members will not be gagged," he said. "We have a right to tell the public what is really happening in the Civil Service."

General Accident in $1.3m claim against Lloyd's syndicates

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT.

THE VALIDITY of a practice widely used in placing Lloyd's marine reinsurance business is to be tested in a $1.3m claim against five Lloyd's syndicates that began in the High Court in London yesterday.

The practice is that of obtaining total loss only (TLO) reinsurance before the underlying all risks cover has been placed.

Mr Adrian Hamilton, QC, told the court that it was almost impossible to over-estimate the importance of the case to the marine insurance market.

He was opening the claim by General Accident Fire and Life assurance Corporation and eight other insurance companies and Lloyd's syndicates which took part of the $6m cover for a ship, the Zephyr, which became a total loss.

They sued their alleged TLO reinsurers, Mr Peter Tanter (Syndicate 920), Mr Ian Posgate (Syndicate 127), Mr Mark Denby (Syndicate 700) and Mr John Moller (Syndicates 275 and 645), and the broker, Berisford Mocatta and Company.

The defendant syndicates refused to pay their proportions of the reinsurance claimed, asserting that there had not been a valid reinsurance contract.

Mr Hamilton told Mr Justice Hobhouse in the Commercial Court that the case raised two important issues. The first involved an analysis of the effect of placing TLO reinsurance by the initialling of a "slip" – a paper signed by underwriters as acceptance of a proportion of a risk – to see whether it amounted to a valid contract.

The second issue concerned the effect of a broker's indication of an intention to procure over-subscription of a "slip." Mr Hamilton said that many all-risk insurers were not prepered to quote until they knew the rate at which they could get TLO reinsurance. They relied upon the certainty of the TLO reinsurance obtained by the broker.

In obtaining insurance of the Zephyr, Berisford Mocatta had followed the usual Lloyd's practice of getting a firm commitment on TLO reinsurance, from Mr Tanter, before any all-risks insurance had been placed. The broker thus ensured that reinsurance would be available for those all-risks insurers who might order it.

The defendant syndicates contended that the law frustrated that practice because, when Mr Tanter committed himself, the broker had no insurer to be reinsured. There was, the defendants asserted, therefore no one to accept their offer and no contract.

Mr Hamilton said that the defendants also complained that they were being asked to pay 100 per cent of their alleged commitment, although they had been told that their actual liability would not exceed a third.

The hearing, expected to last two weeks, continues today.

General Accident's co-plaintiffs are Mr Terence Dooley (Syndicate 89), Mr Anthony Pilcher (Syndicate 368), Sphere Drake Insurance Company, Andrew Weir Insurance Company, Excess Insurance Company, Mr Michael Maughan (Syndicate 206), Mr Alan Gorsuch (Syndicate 185) and Insurance Corporation of Ireland.

Burmah returns tankers to cut losses

By Andrew Fisher, Shipping Correspondent

BURMAH OIL is to cancel charters on two of its big tankers, the Universe Burmah and Universe Explorer of 269,000 deadweight tons each, to try to stem its losses in this sector.

The two Japanese-built VLCCs (very large crude carriers) will be returned to their owner, Universe Tankships of New York, in May. Burmah is paying about £20m in lieu of six years' future charter costs.

Last year, Burmah lost £4.4m on its tanker operations. This was less than the previous year's £5.4m, but depreciation was lower because the value of the tanker assets was written down in line with the fall in the market. The underlying trading loss on tankers was £3m higher.

Without the losses made by the Universe Burmah and Universe Explorer of £8m in 1982, the tanker division would have been in profit. Total charter payments over the next six years for the two VLCCs would have cost Burmah about £38.5m.

BP Oil may close or sell 1,000 more petrol stations

BY CARLA RAPOPORT

BP OIL, the UK marketing arm of British Petroleum, is considering closing or selling a further 1,000 petrol stations in Britain and making further cutbacks in its workforce.

Mr John Hawkshaw, BP Oil's marketing director, said yesterday that despite a slightly improved demand for petrol this year, "too many petrol stations are chasing too few gallons."

Eighteen months ago BP had around 4,300 petrol stations across the country. That figure has now been cut to 3,000 reducing BP's share of the market from 17 per cent to 15 per cent.

Mr Hawkshaw said it was now conceivable that another 1,000 would go, cutting the company's share of the total number of stations to less than 13 per cent.

Fierce competition in the petrol market has led to large losses for the companies involved, but Mr Hawkshaw said these have been curbed somewhat in recent months, thanks to the general success of the 10p price increase.

BP says it is now losing about £4m a month on its petrol business, compared with last year's peak of between £12m and £15m. The industry is currently losing around £25m a month.

The company has trimmed its workforce from 5,500 to around 4,000 during the past two years. Mr Hawkshaw left open the possibility that a similar number could be cut again during the next few years "because of the pressures on costs."

He said: "We simply aren't getting the proper return on our fixed assets."

The growth in petrol demand is currently running at around 5 per cent per year, nearly twice last year's rate. Even so, Mr Hawkshaw said this was not enough to solve the industry's problems.

Mr Hawkshaw also said BP would double its capital investment in the UK this year to around £20m. Successful stations would be modernised and expanded.

N. Sea oil search blocks awarded

By Ray Dafter, Energy Editor

THE NORTH Sea oil industry is expected to spend at least £350m on exploring for oil and gas on 63 offshore blocks awarded by the Government yesterday under its eighth round of licensing.

The awards, to most of the established North Sea companies, brings the number of blocks awarded in the eighth round to 70. Seven other blocks were awarded in February under an auction system which raised almost £33m for the Government.

The most popular area for bids was in the gas-producing southern sector of the North Sea, where improved prices offered by British Gas Corporation have stimulated drilling activity.

About 100 companies bid for blocks. There was one notable absentee from the list – Gulf Oil, the U.S.-based group did not apply for any licences on the grounds that none was sufficiently prospective.

British Gas Corporation was awarded four licences, two as operator.

Miners line up with Communists in an international group

BY JOHN LLOYD, LABOUR EDITOR

THE NATIONAL Union of Mineworkers (NUM) has caused a storm among the ideologically divided international trade union federations by setting up a new grouping of miners' unions, including many from the Soviet Union and other Communist countries.

The move is viewed with alarm by the labour movements in the West, because they fear other left-led unions will follow the NUM and make alliances with unions from Communist countries. Socialist and social democratic union leaders believe these alliances would be Communist dominated.

Mr Arthur Scargill, the NUM president, who chaired last month's Paris meeting which laid the groundwork, has already come under pressure from Mr Len Murray, the TUC general secretary, to abandon the new group because of international political problems.

Mr Scargill, however, sees the new body – the International Federation of Miners and Energy Workers – as an important initiative in bridging the gulf between the Communist World Federation of Trade Unions and the non-Communist International Confederation of Free Trades Union (ICFTU).

The Paris meeting was attended by 23 unions from 25 countries, including the USSR, East Germany, Hungary, Czechoslovakia, Australia, Syria, Algeria and Zambia.

A preparatory committee, including the UK, the USSR, the French and the East German unions, will make preparations for a founding conference in the UK early next year. A new miners' charter, detailing objectives on pay, hours, conditions, retirement and technology, is likely to be agreed.

Mr Scargill said: "This is an extremely exciting and important venture which has the full backing of my executive. It is time to make a start on breaking down the divisions which have existed between mineworkers, and we are determined to make it a success."

The immediate effect of the NUM's decision will be its disaffiliation from the Mineworkers' International Federation (MIF) the ICFTU-affiliated group. The MIF, presently headquartered in London, will then move to a base in Europe, probably Geneva.

Industry price rises steady at 7.3%

BY ROBIN PAULEY

THE ANNUAL rate of increase of the factory gate prices of UK manufactured goods stabilised at about 7.3 per cent during the last three months, while industry's raw material costs continued to see-saw in response to rises and falls in the sterling exchange rate.

The Industry Department's price index for the home sales of manufactured products rose by 0.8 per cent between March and April, while the index for fuels and raw materials purchased by manufacturing industry fell by 1.4 per cent.

The Trade Department also published its final seasonally adjusted index for the volume of retail sales in March. This shows that the recovery in shop sales has continued unabated for nine months.

The stable wholesale price rises are encouraging news for inflation as they are usually a reliable early indicator to future movements in the retail price index.

The wholesale price index rose to 254.3 in April (1975 = 100), compared with 252.4 in March and 251.2 in February. More than a third of the April rise is attributed to the residual effects of beer and tobacco duty increases in the budget.

The inputs price index, measuring fuel and raw material costs, fell to 253.9 (1975 = 100) compared with 257.5 in March, 257.1 in February and 261.4 in January. The index, however, is heavily sensitive to sterling – dollar exchange rate movements.

April's decrease was mainly accounted for by the appreciation of sterling against the dollar, which reduced the sterling price of crude oil purchases. The change in the index measured over a 12-month period was 6.2 per cent in April compared with 9.2 per cent in March.

The seasonally adjusted index for the volume of retail sales in March is 111.9 (1978 =100) compared with a provisional figure of 112.0. This index was 111.1 in February and 110.1 in January. The index is thus close to the high point of 112.2 achieved during December's Christmas spending surge, and the volume of retail trade for the first quarter of 1983 is ½ per cent above that for the last quarter of 1982.

Main improvements have been in clothing, footwear and household goods, all up 1½ per cent in the first quarter. The retail revival was sparked off last summer when credit restrictions were eased and mortgage interest rates were cut.

Conran quits Hepworth

BY CHARLES BATCHELOR

SIR TERENCE CONRAN, one of the best known names in British design, resigned yesterday as chairman of the J. Hepworth clothing retailing chain after 17 months to concentrate on his other interests, principally the Habitat Mothercare group.

He also feared a conflict of interest between the two companies.

Since he agreed to become Hepworth's non-executive chairman, his furniture and household goods company, Habitat, has gone public and taken over Mothercare, the retail group catering for mothers and young children.

In February Habitat Mothercare announced a further expansion with a £4.8m bid for the quality furnishings group, Heal and Sons.

Sir Terence is succeeded by Mr Michael Stoddart, previously Hepworth's deputy chairman, and a director of Globe Investment Trust, part of the Electra Group.

ADVERTISEMENT

COMMUNICATIONS IN BUSINESS AND SOCIETY

FUJI BANK:

Vision of Future Banking

By Geoffrey Murray

The president of Fuji Bank does not sit in splendid isolation in his Tokyo headquarters. He has a desk in a large room shared with his deputy presidents and managing directors. The idea is that everyone in the room will, during the normal course of events, pick up bits of information about domestic and international projects that are not their particular area of responsibility. This is enhanced by a two-hour roundtable meeting of top officers every Monday morning for free discussion, particularly of projects still in the formative stage. Thus, when the time comes for a group decision, action can be taken much faster. This is part of the philosophy of good communications and "open" banking stressed by Mr. Araki, who has just completed a year as Chairman of the Federation of Bankers Association of Japan. From this lofty viewpoint, he likes to talk about his vision of future banking.

Murray: What sort of public image is Fuji Bank trying to project?

Araki: We used to have a slogan on our matchboxes: "Mina Sama no Fuji Bank" (the bank for everyone). So, the basic characteristic we want to emphasize is a familiar and friendly bank trusted and well received by the public, able to meet the rapidly changing and diversifying needs of our customers efficiently.

Image as an open bank

Murray: Partly, that means improving your financial services. But I wonder, what other measures have you taken to foster your image of responding to public needs?

Araki: Customer Service Supervision has been developed in recent years to reflect the opinions and suggestions of our customers. For example, we reviewed and revised banking jargon to make it more easily understandable to the layman. We have been developing our image as an "open bank," by disclosing to the public many facets of our operations through regular pamphlets and also by lectures. We also try to contribute to the local community by sponsoring a Fuji Family Circle, which tries to bring together people, mainly housewives, in the area around each branch for regular cultural activities. We also sponsor a national traffic safety programme for young school children every year.

Murray: I believe you have developed a quality control programme as well. I can see how this would work in the manufacturing sector by improving product quality, but how does it operate in banking?

Araki: We have had a quality control programme for some time, and in my view there is still room for improvement. The basic point is to improve the quality and attitude of individual staff so they can react quickly to changes in the outside environment. If you cannot meet fresh challenges and cope with change you cannot survive in business. So we have to change the image of banking. My image of an ideal bank staff member is not simply someone who is quiet, obedient and works very hard. We don't like to hire the kind of person the public thinks of as a typical banker ... prudent, cautious circumspect. We like sportsman types ... aggressive go-getters with strong individuality. In fact, I would like to have staff who are very active and ready to take on any challenge. This is important because banks now should no longer be organizations simply offering a range of money services. We have to offer brains as well.

Giving advice on total assets

Murray: But surely you are not suggesting that bankers should become door to door salesmen?

Yoshiro Araki
President

Araki: Actually, Japanese banks have been doing that for years. We, in particular, have been most aggressive, not only in soliciting for new deposits, but also trying to give our customers diversified services. When our staff visit customers or potential customers, we expect them to be equipped with very diversified knowledge about total financial services. They can offer advice on handling the customer's total assets. If our staff are equipped with this sort of intelligence, they can become financial consultants or professional business counsellors to our clients.

Murray: You have spoken about the importance of personal contact between bank and client. But isn't there a contradiction here, in view of the tremendous growth of automation in banking, tellerless banks, robot tellers etc.?

Araki: This is a very important point. We have been making good use of computers for the past 10 years. When we were first discussing the introduction of automation, we had very heated discussions at times over whether computer service would please our customers. We certainly had some doubts about this. But after 10 years of actual operation, there has been no adverse reaction. In fact, many of our customers seem to prefer to deal with a machine rather than the human touch. As a result, 60 percent of their withdrawals and 40 percent of their deposits are now handled by automated teller machines without any human intervention from our side. I believe that branches fully equipped with basic automated services, particularly the smaller branches, should become more and more important. Nevertheless, even if automated services are extended, person to person — or skinmanship — service should not be ignored. As a result, I think the basic operational services of the bank should be handled by machines, while more and more stress should be placed on personal service in the intellectual areas as financial advisors, for example. When such personal services are being provided, they should not be through a barrier of glass or over a high counter, but rather at a low table where there can be real person-to-person contact.

Banks should be information industry

Murray: As a result, therefore, knowledge intensive services both domestically and internationally are going to become more important?

Araki: Yes. In my opinion, bank services should now be stressing software, because the hardware business is now almost over. As far as transactions with corporate customers are concerned, we are trying to sell financial services through the information that the bank can collect domestically and internationally. The basic idea now is that the banking industry should be an information industry, a collection of good brains. Also, in the field of business relations with individuals or with small and medium-sized corporate customers, we are always trying to collect information about their requirements through personal contact, and trying to offer them a range of investment and business counselling services well beyond the mere handling of cash. Our customer service centres in Tokyo, Osaka and Nagoya, for example, offer advice to small enterprises on taxation, accounting legal and general management problems. We regard this as a community service more than just as a way to make more money.

The philosophy is the same overseas

Murray: Does this also apply to your international operations?

Araki: Our philosophy is exactly the same for business overseas, and we are making a similar effort to improve our services. Our overseas network is not sufficient, at present, however, and we have to make to continue strengthening our operations. In international financial markets, certainly, Fuji Bank has now become an influential, powerful partner. Our basic philosophy is that we should be friendly partners and should always try to maintain good harmony with other members of the international financial community.

Murray: More specifically, can you discuss your European operations?

Araki: Our first overseas office was established in London 31 years ago, and I believe it is now very well received and respected in the city. We also have branches in Dusseldorf and Paris, and three 100 per cent owned subsidiaries in London, Zurich and Luxembourg. The U.K. and Swiss subsidiaries can handle securities business, which we are not allowed to do in Japan. So, through these operations, we are able to accumulate the specialized knowhow which we cannot obtain domestically. In addition, specialized information on the Middle East and Africa is centralized mainly in London. We cannot get very up-to-date information in Japan, so our London office and European network in general are playing a very important role in that regard. Without such effort our bank cannot hope to become a part of the information service industry.

Murray: In your overseas offices do you have a firm policy of localization?

Araki: Formerly, we mainly had Japanese running our branch offices. That has changed, however, and we are now trying to make use of capable local staff as much as we can. In fact, without that kind of dependence on local staff our actual business could not be hoped to develop well. Actually, the level of localization is not yet up to the level I desire, but there is a gradual improvement. One specific feature is that we periodically bring out senior local staff from our overseas operations to Japan to work in the head office for a while and also visit local branch offices so that they can have a better idea what Fuji Bank is, where they fit in and what are our expectations for them.

Profile of the Fuji Bank

Fuji Bank began life as the Yasuda Bank, founded by Zenjiro Yasuda in 1880 as part of his business empire shortly after the introduction of modern banking to Japan. Yasuda was one of the powerful prewar Zaibatsu which were disbanded after the war, at which time the bank name was changed to Fuji.

Playing a leading role in the reconstruction and expansion of the Japanese economy, Fuji today ranks 13th in the world with the total assets of 87 billion US dollars.

It began international operations by establishing a London branch in 1952, and is now very active in the world's financial markets through its 9 branches and agencies, 15 representative offices, 8 subsidiaries and 12 affiliates in 27 major cities overseas.

FUJI BANK
Tokyo, Japan

Network in Europe

Branches:	Representative Office:	Subsidiaries:
London	Madrid	Fuji Bank (Schweiz) AG, Zurich
Dusseldorf		Fuji International Finance Ltd., London
Paris		Fuji International Finance (Luxembourg) S.A., Luxembourg

UK NEWS

Wiggin in merger talks with alloy technology unit

Lorne Barling looks at the alloy producer in a sluggish market considering a German link

A REDUNDANT steel mill near Birmingham, purchased recently by Wiggin Alloys, a world leader in producing superalloys for aero-engines, appeared at face value to be an unusual acquisition for this kind of company.

The former Patent Shaft mill at Wednesbury, with rusting equipment and cavernous buildings, is also in stark contrast to Wiggin's other recent investment, a Hereford plant to produce alloys for jet engines yet to be built.

Wiggin, owned by the Canadian company Inco, is Europe's leading specialist nickel alloy producer but is now faced with a sluggish civil aircraft market and low investment in the type of capital plant for which its alloys are used.

As a result the company is now involved in merger talks with VDM in West Germany, the nickel technology division of Metallgesellschaft, with which it has much in common — notably declining markets and the inability to generate sufficient investment capital.

The two concerns are about the same size — Wiggin employs about 1,800 people and VDM 2,000 at four main plants near Düsseldorf.

Their problems are also similar. Wiggin managing director Mr Derek Herbert said: "As individual companies, both will suffer in future from lack of growth and investment. We have been holding our own in the gas turbines field, but demand for engine alloys will never recover to the level of the mid-1970s."

The two companies have formed a group to examine the merger prospects and what degree of rationalisation would be necessary. Mr Herbert believes this would be limited, because of cutbacks already made by both companies.

Wiggin's £4.2m investment in the steel mill, which will have to be examined in the light of the merger proposal, was part of the company's effort to broaden its range of alloy product sizes and improve sales in Europe to the chemical, process plant and offshore industries.

Wiggin's activities are fairly evenly split between engineering alloys and gas turbine work, with the problems of the latter likely to be more enduring owing to persistent delays in the development of new engines.

Wiggin pioneered the development of turbine alloys in Britain.

It therefore began research and development work in the early 1970s on the Nimonic superalloy to withstand the demands of engines even bigger than the largest now in use, and recently invested £2.25 in the Hereford plant.

A major restraint on engine development has been the ability of internal discs, on which fans are mounted, to withstand ever increasing speeds and temperatures, and Wiggin's process of powdering alloys before re-forming them under enormous heat and pressure produced the right qualities.

Its new low-carbon alloy, however, has been made only in limited quantities through lack of demand. It has been proved on up-rated existing engines such as the RB199, which powers the new Tornado combat aircraft.

Mr Ed Burrell, Wiggin's marketing director, said "This is a 20th century plant, the only one of its kind in Europe, but unfortunately we've got a 19th century order book to go with it."

He did not expect any dramatic upturn in this market for four or even five years, given the volume of excess airliner capacity now available worldwide.

Around two thirds of Wiggin's alloy sales – of which it makes more than 100 varieties – are linked to capital investment by industry, and the company has made around 500 people redundant in two years.

Some recent encouragement has come from the rise in UK consumer product sales, as the company also supplies alloys for domestic appliances.

The Hereford plant has not operated at full output since 1978, but Mr Burrell said the company was thankful the recession in the aerospace industry did not really bite until last year.

Similar problems have recently hit Wiggin's sister company in West Virginia, which is about double the size but has proportionately less involvement in aerospace.

On the other hand, Inco Alloy Products, the UK company which owns Wiggin and a number of smaller UK subsidiaries, made an undisclosed loss last year on a turnover of $192m.

Airline controls may be relaxed

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE UK Civil Aviation Authority, which governs all UK airline route licensing, is planing to start discussions soon with the airlines and other interested groups on the possibilities of futher relaxations in controls on domestic airline operations.

Mr John Dent, chairman of the authority, said in London yesterday the objective would be to see how far the present regulations could be relaxed to allow more competition on domestic air routes, and how far British Airways itself would dominate the situation.

"One of the major issues we shall have to face in our consultation is how balanced we could expect open competition to be in a market so heavily dominated at the outset by one airline – particularly since that airline (British Airways) is now limbering itself up to become a very formidable competitor" he said.

"The steps being taken by British Airways to reduce its costs and to prepare itself for privatisation are of much greater potential significance to domestic services than any modest changes in policy on the regulatory front."

Mr Dent, who was speaking at a London conference organised by the British Air Line Pilots' Association on "Civil Aviation Policies in the Eighties," said that particular attention would have to be paid to the needs of regional communities in any limited deregulation of UK domestic air services.

He said the authority had not stood in the way of the development of new regional air services "and indeed we have done what we can to encourage them."

Even if the airlines were given complete freedom of operation on any routes they chose, there was no guarantee that they would choose to fly to and from regional cities.

Recovery for Lada UK sales network

By Kenneth Gooding, Motor Industry Correspondent

LADA CARS, the company which imports vehicles into the UK from the Soviet Union, is steadily regaining ground it lost in Britain after the Russian invasion of Afghanistan in December, 1979.

A quarter of the company's dealers gave up the franchise in protest at the invasion. Now, however, the dealer network is being rebuilt and sales have recovered.

The company, which imports Russian-built Lada cars, today introduces a new model to Britain, a 1300cc saloon, previously code numbered 2105 and now called the Lada Riva.

Mr David Hunt, managing director of Lada Cars, says about 50 of the company's 200 dealers deserted over the Afghanistan affair. They were mainly owned by major – and often publicly-quoted – groups who had taken the franchise as a second-string to complement some other manufacturer's range.

Sales of Lada cars plummeted from 22,270 in 1979 to only 13,043 the following year. But last year they recovered to 16,752 and this year Mr Hunt is confident that sales will jump by a further 20 per cent to about 20,000.

About 3,000 Rivas have been brought into Britain for the launch, and ultimately Mr Hunt expects them to account for about 60 per cent of Lada sales.

The price, £2,895, reflects that the Riva is basically a new body on the old Lada mechanical parts, derived from an out-of-date Fiat, the 124.

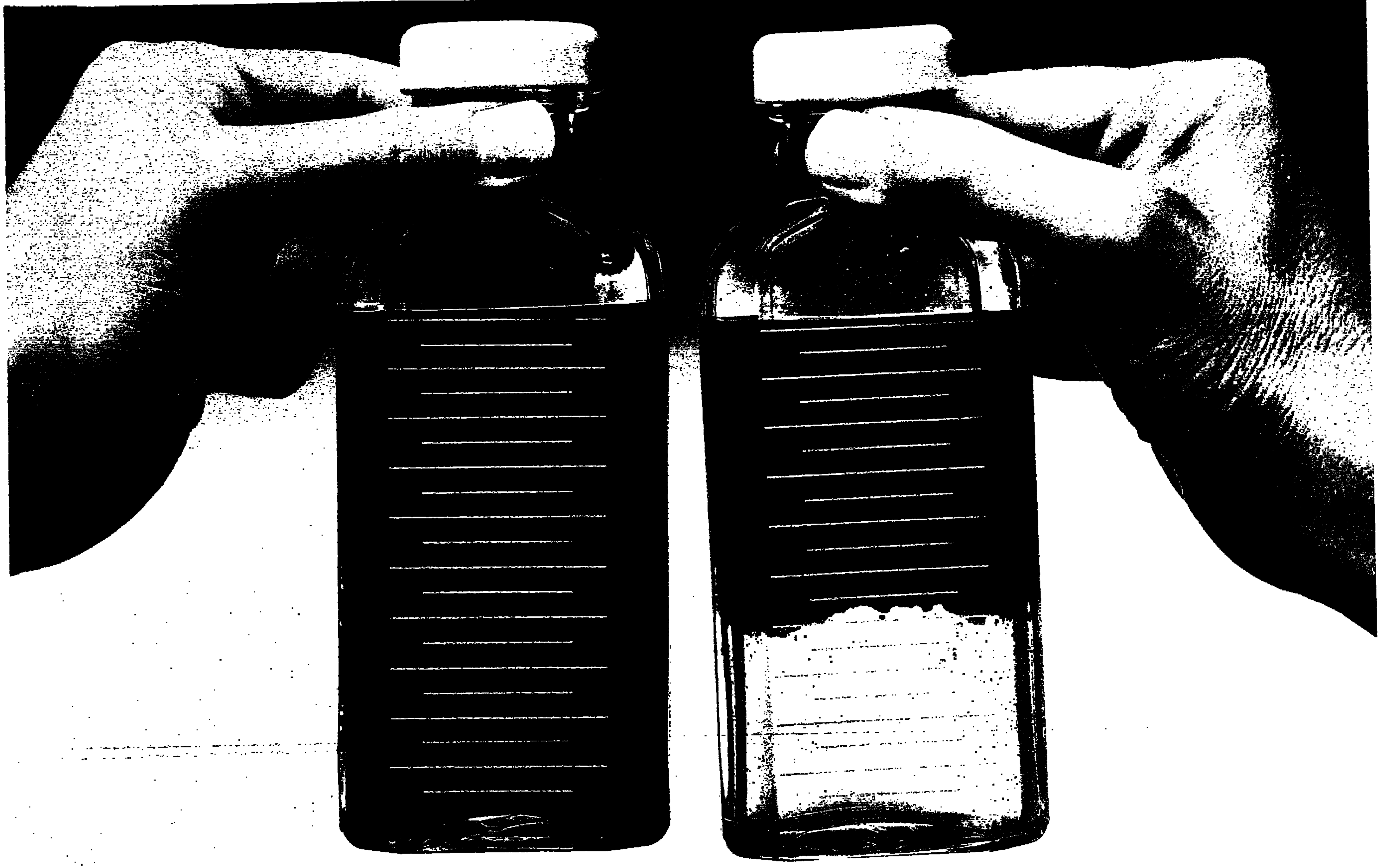
Lada's pricing policy has been cautious. Prices of the 1200 saloons go up this week by 1 to 2 per cent, the first price change since January 1982.

This approach to pricing is maintained throughout Western Europe and has attracted the attention of the European Commission which is at present investigating the position.

One motor executive summed up the general industry view on pricing. "We know that the Soviet Union exports cars to the West as a convenient method of raising hard currency and that to sell the cars it must charge low prices. But to establish a case to prove dumping will be very difficult, if not impossible."

هكذا من الأصل

Getting oil out of Britain's waters isn't our business.



Getting water out of Britain's oil certainly is.

Anyone who thinks oil and water don't mix should try exploring for oil.

Only 10% of the crude oil that comes out of the North Sea is clean.

The rest being a corrosive cocktail capable of bringing a pipeline to a grinding halt.

Fortunately, it's the kind of problem a chemical company with our resources can take in its stride.

By developing special demulsifiers, we've managed to separate the oil from water and impurities.

Thus saving the oil companies a small fortune in transport and refining costs.

You may think it sounds all very simple but it isn't.

Each crude oil type requires a specific demulsifier combination.

We don't mind getting our white coats dirty, either.

Any new demulsifier we develop is tested in the field by our own engineers.

Not only in the North Sea but in oilfields around the world.

Getting oil out of rock.

It's one thing to separate oil from water, but quite another to separate oil from rock.

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TECHNOLOGY

EDITED BY ALAN CANE

ELECTRONIC COMPONENTS EXPERTISE

LTX aims to be test leader

BY ELAINE WILLIAMS

IN THE best traditions of Silicon Valley in the U.S., a small group of leading designers with a large company in California decided that they would set up a company to exploit their own expertise in testing electronic components.

The result, nearly seven years on, is the LTX Corporation which has now won a significant share of a sector of the automatic testing equipment market. ATE is an increasingly important sector of the electronics market.

It is used by silicon chip and other electronic component makers to ensure that their products leave the factory in working order. Also, it is used by component users who need to check that there are few component failures in the equipment they are building.

As the number of individual components crammed onto the tiny area of silicon chip grows, it becomes more difficult to test such complicated circuits. The all pervasive use of electronics also means that there is more need for circuits which can link digital electronics with the physical world.

Geoffrey Rowett: We have very ambitious goals

It is the testing of these types of chips, known as linear circuits, in which LTX has successfully made its mark. In 1981 the company's revenue was U.S.$32m—62 per cent growth on the previous year. In 1982 total sales rose to U.S.$47m and will top the U.S.$50m this year.

Mr Geoffrey Rowett, managing director of LTX's UK subsidiary, says that the company has very ambitious goals. It is aiming to be one of the leading companies in the automatic test equipment market.

Until now it has been firmly geared toward serving the linear end of the component testing market, as against digital testing which is dominated by companies such as Fairchild, Teradyne and Membrain.

Linear electronic circuits are ones which provide some link between the binary code of digital subjects and the real world which is not defined in terms of computer code. They are found in a huge variety of applications from computers to radio, television, automotive electronics and telecommuncations.

LTX says that it already has a dominant share of the linear testing market with a total of 50 per cent. of the market. Its overall share of the world testing market, however, Mr Rowett estimates is around 8 per cent. Fairchild remains the world leader with around 25 per cent of the total market followed by Teradyne with about 14 per cent. Behind them is Tekada Rikon, a mainly digital testing manufacturer from Japan.

The signs are that LTX will not be content to remain only in the linear area. It recently signed a development contract with a young start-up company called Trillium which is about to design a new range of digital testing equipment.

In addition, LTX believes that the testing market is moving towards greater automation with the integration of testing with computer aided design and manufacture systems. Mr Rowett commented: "Automated test equipment has to be able to cope with developments in CAD/CAM."

Being able to directly access information from a CAD system allows engineers to develop the electronic tests more easily since they have immediate access to the original design and the component's operating characteristics.

DIRECTORY SHOWS 19,000 IN THE INDUSTRY

First edition covers microcomputers

DAVID RAYNER, who has been publishing directories about the electronics industry under the Eurolec banner for some 20 years, has produced the first edition of a new venture covering the UK microcomputer industry.

It reveals that there are at least 19,000 people working in the industry of which about 3,600 are employed in 190 manufacturing units. Another 2,000 jobs are thought to be provided by other companies that sub-contract their production such as Sinclair and Acorn.

The distribution side has around 1,600 UK outlets, accounting for another 12,500 people; these are only the professional outlets—ordinary shops and department stores, with mail order (a growing sector), probably account for a further 2,000 outlets.

A third group, offering computer services in the micro area, accounts for some 2,800 people in 440 organisations.

Not surprisingly, almost a half of all the activity is centred in the south-east of England.

Information about all of these organisations is provided in the 370 page directory which is entitled Microcomputer Companies in the UK and costs £32. It is available from Eurolec, 6 Woodbury Lane, Clifton, Bristol (0272 730535).

G.C.

Pest control

How to beat the hopper

RESEARCHERS at Cardiff University are often found wading around in the paddy fields in search of one of Asia's most destructive pests — the brown planthopper.

This tiny insect destroys more than U.S.$300m-worth of rice crops every year in Asia so the Cardiff workers are trying to find out the best way of combating the creature.

Actually the "paddy fields" of Cardiff are really rubber swimming pool liners housed in a heated glasshouse. Maintained at a temperature of 25 to 30 deg., conditions are ideal to study the life cycle of the brown planthopper. These creatures feed directly on the rice plant sap, and lay their eggs in the rice stems, either killing the plant off completely or transmitting viruses which reduce crop yields.

Rice is grown in a glasshouse in Cardiff in artificial paddy fields (top). The brown planthopper on a rice stem can destroy crops in Asia.

Ironically the brown planthopper was a minor rice pest which came to prominence when new, high yield varieties of rice were introduced. At Cardiff, under the leadership of Dr M. Claridge, the ability of the insects to infest different rice varieties is being studied.

In recent years the emphasis in crop research has been to develop strains of plant which are resistant to pests. Research at the International Rice Research Institute in the Philippines has resulted in the detection of resistant rice strains. Unfortunately strains often remain immune to pests for only a few years so Dr Claridge's team is looking at how quickly the brown planthopper adapts to new resistant varities and how the alternation or mixing of varieties for crop growth can delay or prevent the brown planthopper.

Process plant

Heat exchangers

THE National Engineering Laboratory and AERE Harwell have launched a new technology club to help process plant operators overcome problems of fouling in heat exchangers and other plant.

Apparently this problem costs plant operators in the UK up to £500m in lost production, waste energy, and extra cost incurred in maintenance and repairs.

The club, which goes under the name of the Fouling Forum—it sounds like a reform club for mischievous football players—will provide information to interested companies on a subscription basis. It will draw data from the existing national programme on fouling in heat exchangers being funded by the Mechanical and Electrical Engineering Requirements Board of the Department of Industry. The first meeting of the forum will take place on June 23. More details are available on 0235 24141.

Software

Extended range

MAP HAS extended its range of busines software with a stock control system to run on CP/M microcomputer. The program is a fully integrated accounting system which links sales or entry and purchase order functions.

The system generates master files for each stock line, posts receipts and items issued from stock and allows full adjustments following stock checks. More details on 061-624 5662.

HIGH SPEED FILMING

Recording the high-speed bullet at up to 60,000 frames a second

BY GEOFFREY CHARLISH

THE RECORDING of high speed events—the bullet leaving the gun is a well known example — has customarily meant using a high speed motion picture film camera.

Although the event may last only for a fraction of a second, its accurate observation has called for the passage of hundreds of feet through a special camera that has to be "wound up" to speed before the exposure occurs.

Very fast film and intense lighting is often needed. In addition, the user has to wait for the film to be developed before he can see anything. Playback is, of course, at normal projection speed, so that the action is slowed down in the ratio of the two speeds.

All that appears to have been changed by a solid state camera developed by Spin Physics in the U.S. and available in the UK from John Hadland of Bovingdon, Herts (0442 832525).

Designated SP2000, the equipment is able to record at 60 to 12,000 frames per second and then immediately replay the result at any speed between 0 and 60 frames per second for slow motion analysis.

John Rendell of Hadland says: "It has raised high speed video recording by a factor of 10. Hitherto, these speeds have been possible only with 16mm film cameras."

Using a solid state video sensor developed at Kodak Research Labs in the U.S., the camera is able to transfer 32 lines of video data in parallel. The data is frequency monulated on to a special cassette of tape using a patented "microgap" recording head.

The tape reaches speeds of up to 250 inches/sec "in minimal time" and the recording time is 45 seconds at 2,000 frames/sec.

In Playback, the tape signals are held one frame at a time in a buffer memory and then fed in standard NTSC format to a television monitor.

Particular advantages of the system are that it allows on-site trouble shooting in industry and in the laboratory permits research results to be assessed on the spot.

Customer driven Plexus

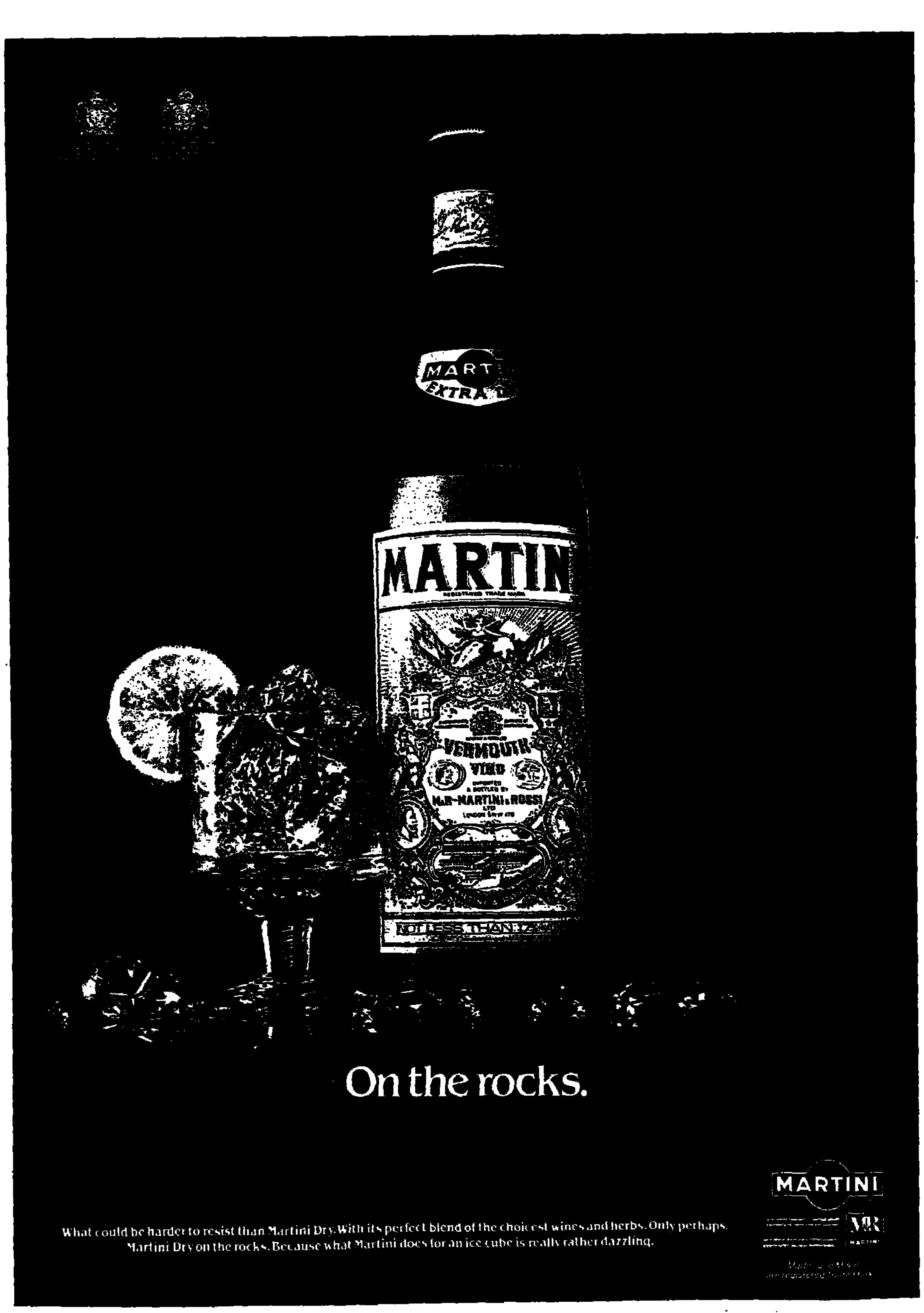
A POSTER of a car licence plate with the words "customer driven" is given to every new employee at Plexus. Mr Bill Jobe, president of the three-year-old company, believes that such a philosophy will help Plexus survive among the myriads of new computer manufacturers which have sprung up over the past few years.

Mr Jobe, a veteran in the industry, says that his company is aiming at the small business computer market. Plexus has developed a series of 16 and 32 bit machines which are based on the increasingly popular UNIX operating system. The range is aimed for multi-user applications and the company recently introduced a network system based on Ethernet, originally developed by Rank Xerox.

In the UK alone the commercial UNIX market is forecast to be worth around £200m by 1985. UNIX is the research operating system developed by Bell Laboratories which is finding increasing applications in business. There is even an informal alliance between companies developing products using UNIX software to exchange information and discuss standards.

At present the company is building up its production to 50 units a month at its factory in California. Funds of U.S.$6m from 12 major sources. Since it was established Plexus has raised more than U.S.$12m in three rounds of private funding. This year the company is expected to have a turnover of around U.S.$10m compared with only U.S.$4m a year ago.

The company is spending around 16 per cent of its total turnover on research and development, through Mr Jobe said that this was likely to drop to around 10 per cent in future years once the product base had become established.



ENERGY REVIEW

Why U.S. coal exporters face a tough time in Europe

By Gerard McCloskey

COAL producers throughout the U.S. are a worried band. After two years of record *exports — 81.5m tonnes in 1980* and 100m tonnes in 1981 — overseas sales slipped last year to 95.3m tonnes. This year the *slide has* accelerated alarmingly: by the end of March only 10.8m tonnes had been shipped, down 53 per cent on the 22.9m tonnes exported in the first quarter of 1982.

The U.S. National Coal Association (NCA) has scrapped two projections for 1983 exports. The December 1982 forecast of 88m tonnes was reduced in March by 4.5m tonnes and the Association is now considering publishing an 81.7m tonnes forecast. Already even that is looking highly optimistic.

"It's going to be real tough. No one is selling anything now." said one Association official, predicting 1983 sales to Japan of 13.6m tonnes (23.4m tonnes in 1982) and to the EEC of 29.9-31.8m tonnes (38.8m tonnes in 1982).

In many ways, the slide in Japanese demand had long been predicted, with no one expecting much of Japanese steel *pro*duction this year. But the U.S. mines had hoped for big things from the European market, particularly in *steam* coal purchases, and a fortnight ago a group of U.S. producers came to Europe to meet their customers at *the U.S.-European* coal conference.

Their leader, NCA president Carl Bagge, was in belligerent form, telling European energy planners to forget any ideas of building a second gas pipeline from Siberia. "West Europeans will be paying $5.70 a million BTU (British Thermal Units) for Soviet gas compared with American coal available at about $3 a million BTU.

"The West Europeans have lent the Russians billions of dollars at low market interest rates for the privilege of using gas energy at costs 90 per cent higher than coal energy. We do not think that any Gulag gas should be added. Europe should look to its traditional areas, not to the totalitarian east."

Many of the producers winced at Bagge's soap-box oratory and accepted that in the short-term U.S. coal and *Soviet gas do not compete;* the first is aimed mainly at European steel blast furnaces and at utilities' power stations while the gas is destined for specialised industries and homes. (In the 1990s both could be fighting for a share of general industrial demand). The U.S. mines are clear in their mind just where their competition is coming from — other coal producers, notably in Poland, South Africa, Australia, Canada and even the UK.

Coal is by far the most open of the energy markets and it has become increasingly clear to the U.S. over recent months that the only way it can compete on the European spot market, in the short-term, is on the basis of minimal, or even *non-existent, profits.*

The price leader in Europe is South Africa, landing steam coal at $36 a tonne and reports of at least one shipment of 11,000 BTU/lb (low to medium quality) being offered at $24 a tonne out of Richards Bay.

One Australian producer, reportedly anxious to generate cash, albeit at a trading loss, is said to be offering almost any quantity of coal at $40 a tonne *landed in Europe.*

Poland, pushing to regain its market share in Europe, which it lost in the political disturbances of 1981, has abandoned its policy of selling almost regardless of price, but is still offering spot coal in the mid-$40s in Gdansk. Poland hopes to export 33m-35m tonnes this year, 23m tonnes to the West.

That the UK can stay in the market at these prices is remarkable. Last summer it was offering steam coal from Immingham at around $58 a tonne and, according to European buyers and traders, is now prepared to sell coal at $40 a tonne. The bulk *of* the National Coal Board's exports are on a contract basis which command significantly higher price levels. The board is predicting exports at 7.5m tonnes this year (compared with 7.1m tonnes in 1982-83 and 9.4m tonnes in 1981-82) but some traders believe it will be lucky to ship 5m tonnes.

With prices at this sort of level, *few producers—probably* only the South Africans—are making a profit. It is a tribute to the U.S. coal producers that, *in volume terms, they have* dominated the European market for years. Last year they accounted for 50 per cent of *EEC coal imports and shipped* 5.6m tonnes to Spain and 1.9m tonnes to Sweden.

What makes the U.S. mining *companies so sore is* that, with at-mine prices of $23-27 a tonne for steam coal and $40 a tonne for coking coal, they have as efficient an industry as almost any other nation. The trouble is that the mines are a long way from the sea and 85-95 per cent of exporting coal mines are dependent upon one railroad to get their coal to the ports. Average rail rates add between $13 and $16 a tonne to the price of coal and the railroads have proved utterly resistant to pleas to cut rates *so that* U.S. *coal can compete* in a tight and still rapidly-tightening market.

Mark Joseph, chairman of the U.S. Coal Exporters Association, summed up the industry's problem in Paris last month: "*Unlike coal prices and costs* for other modes of transportation, railroad rates have proven to be insensitive to the market*place in a time of economic re*cession such as were are now experiencing. The danger is clear and present—rising rail *rates are threatening to erode* the gains made in keeping U.S. coal prices stable at the mine."

The industry's frustration has helped promote the cause of slurry pipelines as a means of moving coal. But such pipelines, currently battling for eminent domain (rights of way) status in Congress, are some years away and look likely to have more impact on domestic than on export traffic.

Unfortunately the problems for the U.S. coal industry do not *end with the railroads.* While South Africa (with the harbour of Richards Bay), Canada (Roberts Bank and Vancouver) and *Australia* (with Abbott Point, Hay Point and Newcastle) have already brought into operation coal ports capable of handling the latest generation of colliers of 150,000 dwt capacity, the U.S. has lagged far behind. On the East Coast and the U.S. Gulf the largest vessel which can load is no more than 80,000 dwt. Modern terminals are in operation on the Pacific Coast and are planned for the east, but their opening will be some years behind their rivals.

One way or another the U.S. industry boasts confidence that *it will have its transportation* house in order by the time the European market picks up again. What puzzles the producers *is just when that will* be and just what level European demand will reach.

Certainly the prospects for coking coal demand from Europe's steel industry are not good. Last year the EEC produced just 110m tonnes of steel from a 192.6m tonne plant capacity. While officially planned capacity for 1985 was 187m tonnes, steel industry analysts, World Steel Dynamics, recently judged that a figure of 156m tonnes was more likely.

The best bet is clearly going to be steam coal. Mark Joseph is in no doubt that the U.S. *could get as much as 26 per cent* of Europe's steam coal market by 1990 (compared with 19 per cent in 1980). "Europe's pro*jected imports of U.S. steam* coal, accounting for the largest tonnage increase among our major overseas markets during this decade, are seen rising from 12m tonnes in 1980 to 39m tonnes in 1990," said Mr Joseph in Paris.

In the electricity sector 36,000 MW of coal-burning capacity are under construction or planned to be on stream by 1990 in the EEC and, according to the Commission's coal director, Karlheinz Reichert, an *earlier* forecast for 220m tonnes a year of utility coal burn by 1990 looks reasonable. Depending on economic development, 186m tonnes-191m tonnes is the Commission's projection for the utilities in 1983.

In industry, the process of substituting coal for oil has hardly got under way, apart *from* the cement sector. And the European cement industry federation, Cembureau, does not expect a growing demand from cement kilns. Conversion to coal is largely complete and greater efficiency in the industry, combined with a declining demand for cement, should result in a slightly reduced coal use over the next few years.

Unfortunately elsewhere in *industry, says Reichert, invest*ment for conversion to coal from oil or gas is considered as non-productive investment. A pay-back *period of 2-3 years* would be acceptable to the investors but current conditions only permit a return over 6-7 *years. The Commission predicts* a 1983 demand by industry of only 19m tonnes of coal and a further 4m tonnes of coke.

All producers hoping to sell to Europe also have to face the fact that there are vast and mounting stocks of coal at mines, ports and with customers. At the end of last year these stood at 138m tonnes—164 days of supply—and could well approach 150m tonnes by the end of 1983.

The U.S. producers should not rail too much at this substantial, apparently indigestible, black mountain. Much of the coal is from U.S. mines bought in the heady days of 1981 when crisis in Poland and strikes in Australia sent coal buyers scouring U.S. mines for supplies of almost any quality: a sellers market which has not returned.

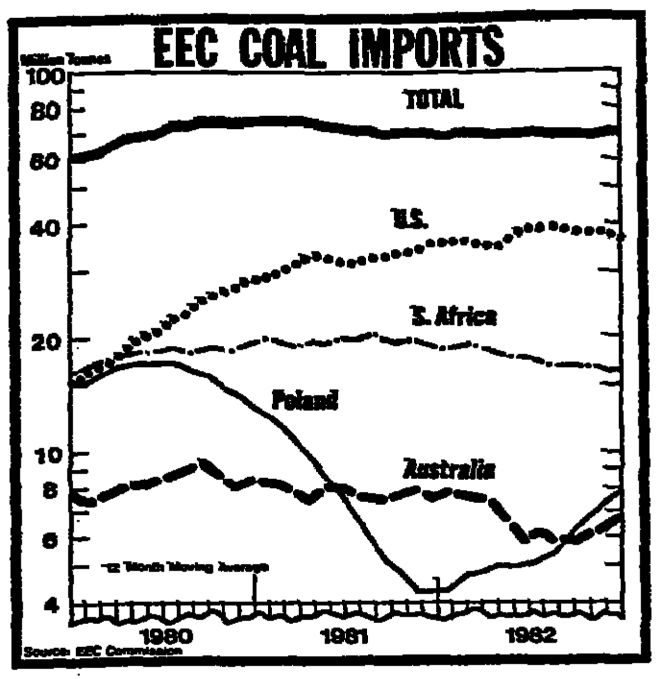
Gerard McCloskey is editor of FT International Coal Report.

U.S. COAL EXPORTS TO EUROPE

('000 tonnes)

EEC	1980	1981	1982	(Jan.-Mar.) 1983
Belgium	4,061	3,934	4,761	376
France	6,826	8,172	8,929	1,063
West Germany	6,126	4,382	2,336	289
Italy	5,966	9,504	11,278	2,187
Netherlands	4,034	6,167	5,934	865
UK	3,736	2,122	2,017	152
Ireland	358	456	246	78
Denmark	1,499	3,027	2,809	505
Greece	5	16	461	95
Total	32,616	37,381	38,771	5,600
Other Europe:				
Finland	232	1,098	688	63
Norway	252	352	513	46
Portugal	330	28	305	65
Romania	1,265	900	396	0
Spain	3,096	5,632	5,576	1,122
Sweden	33	3,705	1,943	231
Switzerland	99	1,005	0	0
Yugoslavia	905	1,465	1,206	130
Total all Europe	38,823	51,214	49,398	7,258

Source: U.S. Commerce Department



THE SPANISH CAR INDUSTRY

How the 'arrival of the giant' has created turmoil

By Kenneth Gooding, Motor Industry Correspondent

THE SEAL will be set this year on Spain's emergence as a major car producing country. Output will be boosted to well over 1m, up from 927,500 in 1982 now that General Motors' $1bn plant near Zaragosa is on stream and fast building up production towards its 250,000-a-year capacity.

Since the end of the 1970s Spain has been running neck and neck with Britain for sixth place in the league of car producing nations. That place now seems assured because only the highly-optimistic predict the UK's car output will top 1m in the medium-term.

Yet the "arrival of the giant"—GM's own description of its appearance on the Spanish scene—is creating unprecedented turmoil in the Spanish car market. Six domestic producers are now scrambling for sales at a time when demand is stubbornly refusing to pick up. The Spanish economy continues to be beset by the traditional troubles: high current account deficits, a weakening peseta, low capital investment, growing unemployment and two-digit inflation.

Car sales reached 650,000 regularly in the late 1970s but plummeted to only 479,000 in 1981 before recovering slightly to 536,000 last year. They are expected to remain flat in 1983.

Ford's forecast, for example, is for a 525,000 market while GM's more-optimistic prediction is that there were will be a 5 to 8 per cent increase to around 560,000 to 580,000, an uplift caused by the pent-up demand still left over from 1981.

The car manufacturers operating in Spain have approached the recently-elected Socialist Government urging that there be some relaxation of the 24 per cent luxury tax on cars to stimulate demand. Their argument has a familiar ring: they point out 6.5 per cent of Spain's working population owes its employment, either directly or indirectly, to the motor industry and if those jobs are to be protected demand in the domestic market (the Spanish is the most highly taxed in Europe) must be boosted.

SPAIN'S CAR MANUFACTURERS
(1982 in units)

	Production	Registrations	Exports
Citroen	94,498	48,155	51,767
Ford	222,026	66,634	158,017
General Motors	21,872	3,331	14,677
Renault	296,107	165,065	134,243
Seat	240,005	130,447	124,831
Talbot	53,052	43,167	11,682

Source: ANFAC

The manufacturers point out that the installed capacity for car production in Spain, now that GM is in action, is 1.6m a year which at the current level of home sales leaves 1.1m either to be absorbed by exports or excess to requirments.

This has forced most of the manufacturers to temporarily shut-down plants during the past couple of years while in 1982 only FASA-Renault and Ford Espana of the local producers were profitable. Spain's State-owned group, Seat, was among the world's major motor industry loss-makers with deficits of Pta 20bn (£100m) for both last year and 1981.

Yet the additions to capacity keep coming, mainly because the manufacturers involved want to introduce new models to improve their positions in the Spanish market. Ford has just boosted capacity at its Valencia plant from 1,140 to 1,240 a day and this year is spending a further $76m for robots and other automation to prepare for the "facelifted" Fiesta due in the autumn, changes which will almost certainly add to its capacity.

Talbot has won agreement from the Spanish Government and the unions to reduce the workforce at its facility at Villaverde by more than 4,500 over the next three years to around 7,000. However, the Government is also providing loans to help Talbot put the new Peugeot 205 into production at Villaverde as an addition to the joint Peugeot-Talbot range. The objective is an output of 30,000 to 40,000 a year of which about half will be exported.

Talbot's sister company, Citroen, also has an additional car soon to be introduced: the BX to be made at the rate of 25,000 a year in the Vigo plant on the Portuguese border.

Perhaps most important of all is the seven-year deal Seat has signed with Volkswagen-Audi for the Spanish company to produce VW Polos and Derbys at the rate of 120,000 a year at the Pamplona plant which is being completely revamped.

Seat will also produce 30,000 VW Passat and Santana models a year, only for the home market at its Barcelona plant.

Sr Jose del Castanu, personal assistant to Seat's president, insists that this will help take the group's output up from around 250,000 a year to 400,000 by the end of 1984 with a workforce reduced from 32,000 to 25,600 over the past 18 months.

Even more significantly, he points out that the Pamplona plant will be among Europe's most-modern with 3,000 people producing 120,000 cars a year —"more than the Japanese standard."

For 30 years, between 1950 and 1980, Seat relied on Fiat of Italy for most of its technology. Not only did Fiat have a minority shareholding, it also provided an outlet for a high proportion of Seat's production, taking cars for the Fiat network outside Spain.

This partnership is in the process of being unwound—not without some acrimony—because the new Fiat management decided it would prefer not to put in the additional cash required to get Seat into shape to cope with the expected competition when Spain joins the EEC.

The question Seat's rivals in Spain constantly ask is: Will Seat's new strategy work? Will it return to profit or will its losses continue at a level even a Socialist Government would consider untenable?

Nobody expects the total collapse of Seat but some suggest that, if its problems continue, the Government would not allow it to go on protecting its 26 per cent market share by heavy discounting and other expensive incentive campaigns.

Unlike Fiat, VW-Audi is not committed to putting up one peseta towards Seat's recovery programme, a situation which has caused considerable annoyance among the Spanish producers.

To gain entry to Spain's highly protected car market they were forced to set up local production at substantial cost because in General Franco's day imports were forbidden. Ford and GM were allowed in only on the understanding that their new plants exported two-thirds of their annual output and until recently Ford was not permitted to push its share of the Spanish market above 10 per cent.

General Motors' "S" car being built in the new $1bn Zaragosa plant.

Hence the outcry about the VW-Audi arrangement. "Everybody else had to invest heavily in Spain to be allowed to sell here. Now Volkswagen comes in without paying any entry fee," is a typical comment.

Competition in the Spanish car market is certain to come to a peak this year. Last year at this time GM had only a little over 1 per cent of total Spanish new car sales, in 1981 it had nothing. Now its share is running at 9 per cent and Mr M. A. "Raz" Razaq, marketing director of GM Espana, reckons it will be well over 10 per cent by the end of 1983.

GM's "S" car, sold as the Opel Corsa in Spain and elsewhere on the Continent and as the Vauxhall Nova in Britain, are pouring out of the Zaragosa plant at the rate of 1,000 a day.

But so far the Spanish market has been somewhat starved of "S" cars as GM introduced them to other European markets one by one.

So far 60 per cent of Opel's sales in Spain are accounted for by the Corsa. When they are freely available that could rise to 80 per cent.

In the circumstances the local producers are glad that when —or if—Spain joins the EEC the high import duties of 35 per cent which help push total duties and taxes to a level which adds 66 per cent to the basic price of a car, will be dismantled only slowly.

But entry to the Common Market should consolidate Spain's position as a major car exporter.

However, much will depend, once again, on the success of Seat's strategy. The nationalised group must quickly establish itself as an exporter in its own right—not just one exporting Fiat-badged cars to Fiat's "tied" outlets.

In the past six months Seat has set up its own import company or signed up an importer in most of Western Europe's major car markets—the UK, where right-hand-drive is a deterrent, comes later this year —and hopes to have 600 Seat dealers outside Spain by the end of 1983.

The multi-nationals have already shown their willingness to use their Spanish plants as a source of cars for their European dealer network. This is not the case in Britain where Ford, GM and Talbot have virtually ceased to export cars to the Continent.

Only Talbot until now has not had a particularly impressive record of export from Spain but Mr Victor Dial, worldwide marketing director for Peugeot-Talbot, says: "We will use this country as an export base like Ford and GM."

As relative late-comers, Ford and GM in Spain already have facilities producing at highly-economic volumes. Ford's plant, which started up in 1975, makes only the Fiesta and Escort while GM produces just the "S" car in hatchback and booted versions. Common Market membership would enable FASA-Renault, 50 per cent owned by the French group, 25 per cent by Banco Iberica and the rest by the Spanish public, to consider rationalisation of the wide range of cars it produces.

However, all this assumes that the newly-elected Socialist Government will not make any major changes affecting the industry. Mr Patrick Byrne, managing director of Ford Espana, sums up the multi-nationals' view this way. "If the Government can understand the economies of scale necessary in the motor industry these days so that we can make one or two models in one plant, export a big proportion to compensate for our imports of other models—then that will encourage the multi-nationals to continue to invest in Spain."

APPOINTMENTS

Senior changes at SGB group

Mr Geoffrey Bayles, managing director of SGB International, the group subsidiary responsible for export activities and overseas joint ventures, has been appointed managing director elect of SCAFFOLDING (GREAT BRITAIN), the group's scaffolding and formwork subsidiary in the UK. He will assume his new responsibilities on June 30, and succeeds Mr David Evans, who retains his appointments as a member of the group main board and as president director general of SGB SA, France. Mr Evans is also to become chairman of HSS Hire Group, hire shop and specialist hire services subsidiary. Mr Colin Langley, currently business development director of Scaffolding (Great Britain) has been appointed to succeed Mr Bayles in June as managing director of SGB International. Responsibility for SGB Group scaffolding and formwork operations in Scandinavia is to be integrated under the management of Mr Bayles with those of Scaffolding (Great Britain).

★

Mr John Le Pla, managing director of Loders and Nucoline, has been elected chairman of the SEED CRUSHERS AND OIL PROCESSORS ASSOCIATION in succession to Mr David Airey, managing director of J. Bibby Edible Oils. Mr Desmond Billing, managing director of Liverpool Central Oil, was elected vice-chairman.

★

Mr Stuart Walsh has been promoted to director at MSA (Management Science America). He was sales manager. His latest promotion brings additional sales responsibility for Scandinavia, as well as marketing support responsibility for both the UK and Scandinavia.

★

COFEB, the Confederation of European Bath Manufacturers, has elected Mr Jean-Pierre Scheeler, director-general of Société Francémail, as its new president. He succeeds Mr Bernard Smith of Carron Company.

★

Mr Wilfred Bowdell has been reappointed a Public Works Loan Commissioner and deputy chairman of the Commissioners. Mr Graham Ross Russell has also been reappointed a Commissioner. Mr Stephen Dunster becomes a Commissioner in succession to Mr Winford Price.

★

Appointed to the boards of MARKHAM DEVELOPMENTS and Markham Developments (Investment) as directors are Mr S. N. Brimfield and Mr G. Roberts.

★

Mr Michael Etherington has been appointed general manager of the London office of MAGNAVOX INTERNATIONAL OPERATIONS, and will replace Mr Neville Jordan who is returning to his own company, Marine Air Systems, in Wellington, New Zealand.

★

ASSOCIATED FRESH FOODS (part of Associated Dairies) has appointed Mr F. Blake as director of the liquid milk division. He takes over from Mr Alf Rankin who retires in 1984 but will carry on as a non-executive director. Mr Rankin will also carry out special projects as well as continuing his trade relations responsibilities. Mr Blake joined the company in 1976 and was previously general manager, north east area.

★

Mr James Daly, a director of The Rank Organisation and managing director of Rank's film and television services division, has taken over as chairman of the RANK PHICOM VIDEO GROUP in succession to Phicom's chairman, Mr Ronald Howard. Chairmanship of the group alternates between the two partners every two years. Mr Howard will continue on the board of the group and Mr Gerry Sadler remains as managing director. The group consists of TVI, Rank Phicom Video Duplication and Zoom Television.

★

Mr Mike Staff has been appointed BRITISH RAIL'S area manager at Marylebone. He succeeds Mr Jack Southam who will shortly be retiring.

★

Mr Michael J. Shaw has been appointed to the board of WHITTINGDALE. investment managers.

★

Mr Jim Fallon, MK Electric's director—external relations, has been elected president of the BRITISH ELECTRICAL SYSTEMS ASSOCIATION.

★

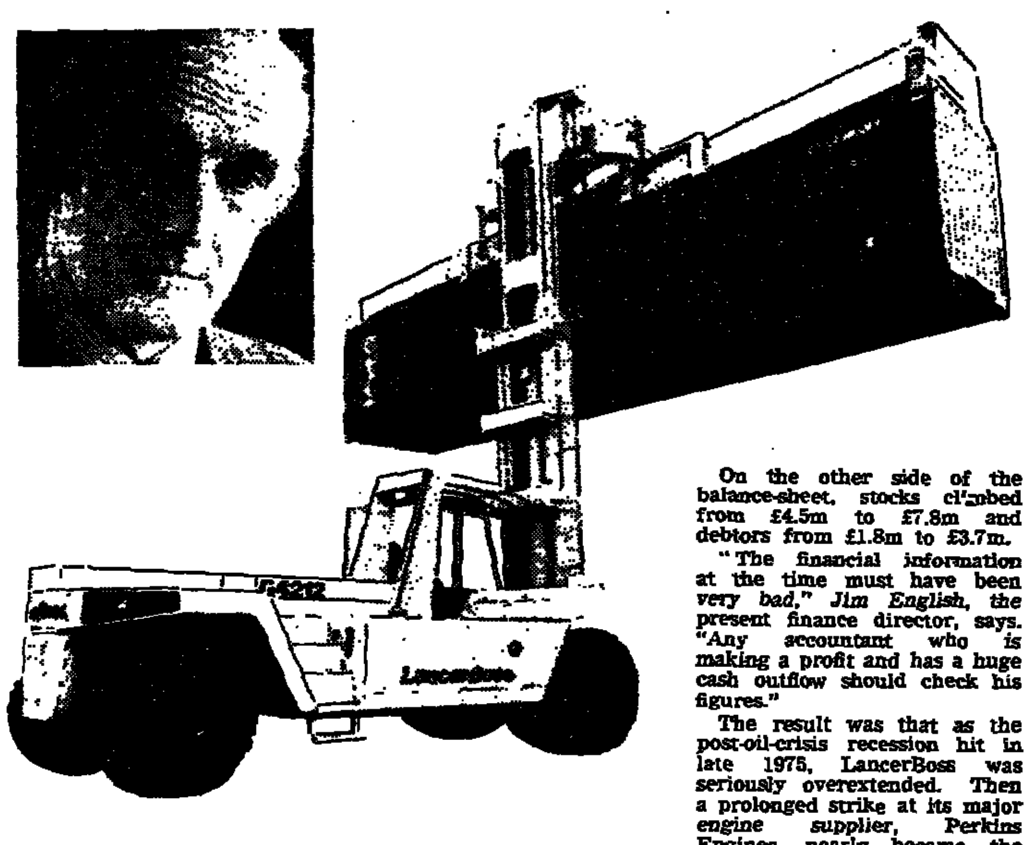
Mr Ken Jenks has been appointed managing director of SPARTAN LUGGAGE COMPANY which was acquired by Teakspire last August. He joins from the Bulpitt Swan Brand Group where he has been managing director since 1979. Mr Dugald Bannatyne becomes finance director. He was with another Teakspire subsidiary, Royal Stafford China. Mr David Stapleton, sales director, has resigned.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A fork lift dilemma

Ian Rodger on LancerBoss's need for a partner



EVER the bridesmaid, never the bride. That's the image LancerBoss, Britain's second largest fork lift truck maker, has been acquiring of late.

In the past two years, it has been to the altar three times, but has not yet managed to walk away with a spouse.

Is it because the family-owned company would be a disagreeable partner, or because it is too demanding a suitor?

Certainly, Nevill Bowman-Shaw, LancerBoss chairman, is wary about any move that might jeopardise the group's hard-won and rare prosperity in the world lift truck industry.

But he also has an increasingly urgent strategic problem on his hands. A world leader in side lift and very large lift trucks, LancerBoss has failed to make a mark in the one to three-tonne heart of the market.

Customers and dealers increasingly want to buy all their trucks from a single supplier, and so LancerBoss needs a full range of products. But its revenue base is too small to support the development budget needed to maintain a range of small trucks.

"We have to associate with a company that has won the one tonne-three tonne battle," says Bowman-Shaw. "Our products (in that range) have only three or four more years of life in them, and we can't afford to redesign them."

Late in 1981, LancerBoss put in a bid for Coventry Climax, the former lift truck subsidiary of BL, but was pipped at the post by Sir Emmanuel Kaye, the owner of Lansing Bagnall, Britain's largest lift truck maker.

Early this year, it proposed taking over the large, but troubled French manufacturer, Fenwick Manutention, but the French Government opted instead for a proposal from Balkancar of Bulgaria, the world's largest lift truck producer.

A few weeks later, Lancer Boss was involved in negotiations to divide up the lift truck business of the U.S. producer, Eaton, but when the deal was done, LancerBoss was not part of it.

In each of these cases, Bowman-Shaw claims that the terms became unsatisfactory as negotiations proceeded. In the case of Coventry Climax, he was looking for warranties against anticipated losses and walked away when they weren't forthcoming.

In the case of Fenwick, he refused to undertake to maintain as many jobs and plants as Balkancar offered, and in the case of Eaton, he became disillusioned because, in his view, the overall package, involving Sumitomo of Japan and Jungheinrich of West Germany, would not bring about any significant reduction of capacity. He has been a vigorous advocate of rationalisation in the lift truck industry for many years.

Bowman-Shaw is confident that there are other fish in the sea, but others wonder if, since LancerBoss's brush with financial collapse in the early 1970s, he has become overcautious.

LancerBoss is a curious company—and an example of a small business operated from a garage and managed on the back of an envelope in the chairman's pocket that gradually took on size and significance.

It was started as a sidelift importing business by Bowman-Shaw and his brother, Trevor, in the late 1950s. Today, they make no bones about the fact that they got into manufacturing by copying competitors' machines, and learned production techniques by handling customer complaints.

By 1971, the group had a turnover of £8.9m and pre-tax profits of £448,000, but it was still a simple assembly and sales operation. The Bowman-Shaws then decided to make a dash for growth, embarking on a major expansion of assembly capacity and starting some in-house manufacturing, all on borrowed money and Government grants.

Sales jumped to £21.6m in the year to March 1975, but the business started to deteriorate because of a lack of controls. Borrowings soared from £2.5m in March 1973 to £5.8m two years later, compared with only £1.4m in equity. Creditors jumped from £4.2m to £7.5m in the same period.

On the other side of the balance-sheet, stocks climbed from £4.5m to £7.8m and debtors from £1.8m to £3.7m.

"The financial information at the time must have been very bad," Jim English, the present finance director, says. "Any accountant who is making a profit and has a huge cash outflow should check his figures."

The result was that as the post-oil-crisis recession hit in late 1975, LancerBoss was seriously overextended. Then a prolonged strike at its major engine supplier, Perkins Engines, nearly became the straw that broke the camel's back.

Bowman-Shaw acknowledges that the group was under severe pressure from two banks to sell out in early 1976, but a deus ex machina suddenly appeared.

On May 3, 1976, a judgment emerged from the Royal Courts of Justice on a patent infringement suit that LancerBoss had filed against two Lansing Bagnall subsidiaries eight years earlier. LancerBoss won and received nearly £600,000 in compensation.

That gave the company the breathing space it needed to cut its costs and trade out of its problems. It abandoned its manufacturing venture and managed to cut its payroll from nearly 1,500 to 900 without losing any business. Two years later, the group was in a net cash position, and has remained that way ever since.

At the last balance sheet date in March, 1982, LancerBoss had net cash balances of £1.4m and shareholders' funds totalling £21.6m.

In 1976, Bowman-Shaw vowed never to get overextended again, but LancerBoss continued investing in product improvements.

Some of these, in sidelifts and other heavy trucks, have been highly successful. The group claims to be the world leader in sidelifts and among the top three in large trucks (over 10,000 tonnes lift capacity). About half the group's sales by value—and more of the profits—now come from heavy trucks, the majority of them sidelifts.

Other projects have been less successful. Last year, LancerBoss wrote off £1m it had invested in developing a 40-tonne telescopic sky lift.

"We loved it, but it cost too much," says Bowman-Shaw sadly. "The competition will do better."

Having suffered its rationalisation trauma in the mid-1970s, LancerBoss has come through the current recession fairly comfortably. Sales have been flat at the £40m level and pre-tax profits have slipped from a peak of £4.6m in 1978-79 to £2.9m in 1981-82. Profits probably fell a bit last year as well.

Bowman-Shaw is inclined to be a bit smug about some of his competitors' difficulties in the past couple of years, but he also acknowledges that LancerBoss is still struggling to get its operations right.

For example, only in the past couple of years has the company begun to apply rigorous principles to its production operation, such as the monitoring of faulty components and assembly errors.

But the reject rate on over 2m parts has been cut from 32 per cent in April, 1981, to under 1 per cent. The average number of assembly errors has been cut from 52 per truck to 20 in the same period.

David Nichol, production director, estimates the savings from the assembly area alone at over £10,000 per month. Also, warranty claims have dropped from 2½ per cent of net sales value to 1½ per cent in the past three years.

Today, Bowman-Shaw feels the company is a model of the "leaner-and-fitter" strain that Britain is trying to nurture, but he also feels vulnerable.

"My bank manager told me the other day that not many entrepreneurs get through their mid-40s," he mused recently.

He does not want to sell out, but he does have to find a suitable partner soon, or LancerBoss risks becoming a barren spinster.

BTR/Tilling—board views

By Ray Maughan

WHEN BTR launched a £600m bid for Thomas Tilling five weeks ago—which the latter immediately rejected—the scene was set for a battle between two major UK industrial holding companies.

In the intervening period, much of the argument and counter-argument—by way of newspaper advertisements and circulars—has concentrated on explaining the activities of each (which are generally more familiar than the two holding companies themselves) and their relative financial performances.

On the other hand, little has been said of top management and, in particular, the different styles of the main boards of directors of BTR and Tilling. The contrast is stark: BTR is an advocate of the executive director, while Tilling is a great believer in the role of the non-executive.

BTR has seven directors at present. Best known outside the group is Sir David Nicolson, the European MP for Central London and chairman of Rothmans International tobacco group. He heads BTR on a non-executive basis.

None of the remaining six directors play any external role in the mainstream of business, political or academic life in the UK. With Owen Green as chief executive, the executive directors concentrate solely on the group's relentless quest for higher annual earnings per share.

The main board responsibilities break down into the finance function, controlled by Norman Ireland, and thereafter into a geographic split between European, Western and Eastern regions with an executive director on the main board to represent each area.

There is only one other non-executive director, Thomas Leonard, a U.S. citizen who sits on the boards of various American corporations. There would normally be two others, but Don Taylor died earlier this spring and Cyril Garner retired a year ago. Their replacements, if past form is any guide, will be drawn from the ranks of subsidiary company executives.

Leonard, a non-executive for the past three years, heads the Stowe Woodward Corporation, the roll coverings subsidiary in the U.S. Taylor had controlled BTR's specialist roofing offshoot while Garner had previously been head of the Miles Redfern mouldings and extrusions subsidiary.

At Tilling, the set-up is radically different. The chairman, Sir Robert Taylor, was a career civil servant in the Foreign and Colonial Office and is deputy chairman of the Standard Chartered Bank. He gives way after the annual meeting this month to Sir Arthur "Gerry" Norman who is chairman of the De La Rue security printing group.

Unlike BTR, Tilling carefully selects a number of non-executives for its 12-man board from vastly different businesses and disciplines. Sir Henry Fisher, who gave his name in 1979 to the self-regulation committee at Lloyds, is the President of Wolfson College, Oxford, a former High Court judge, Queen's Bench Division, and a director of the blue-blooded merchant bank, J. Henry Schroder Wagg. Schroders, ironically, stopped advising Tilling in favour of S. G. Warburg as soon as BTR thumped in its bid.

Other business luminaries include Sir George Burton, chairman of Fisons and a Rolls-Royce director and Sir Bernard Scott, a former chairman of Lucas Industries and deputy chairman of Lloyds Bank.

David Rae Smith, formerly senior partner of the Deloitte Haskins and Sells accountancy firm, completes the list of six non-executives.

Their numbers are matched by executive constituents on the board. Chief executive is Sir Patrick Meaney, who lists Cable and Wireless, Rank Organisation, Midland Bank and Imperial Chemical Industries as his prestigious outside non-executive directorships. While Green hacks his way round a golf course—badly by his own admission—near his Wallingham home resolutely refusing to join a club, Sir Patrick is a member of Harlequins and the British Sportsman's.

Like almost every other quoted company, a specialist fills the Tilling finance director's role although in this case Francis Black also heads Tilling's new Japanese subsidiary, Sanshin Enterprises. David Sawyer, Tilling's legal chief, runs Cornhill Insurance and thereafter responsibilities are delineated by both activity and geography.

Colin Draper the deputy managing director is responsible for the 40 per cent of group assets which comprise Tilling's widespread U.S. operations. Hugh Laughland runs the Graham builders' merchants, the Pretty Polly textiles operation and the Tilcon minerals extraction business. Peter Ryan heads ADS Anker, the West German electronic cash handling machinery subsidiary, the big Newey and Eyre industrial components distributor and DCE Vokes, the pollution control equipment manufacturer.

Both sides naturally believe that they have got the numbers, responsibilities and backgrounds just about right. Green says that he doesn't have any predetermined views, although he is convinced that it would "not be helpful to have an equal balance of executives and non-executives, or a majority of non-executives." He feels that three non-executives in a board numbering, say, 10 directors would be "quite representative."

As for the diversity of knowledge and opinion that a good non-executive director can bring to a board's deliberations, Green is happy that BTR's broad base means that each operating director will bring sufficient scope and objectivity to bear on any particular topic.

Not surprisingly, Sir Patrick sees things rather differently. It is "morally wrong that a board does not have a good representation from outside to counter-balance management subjectiveness."

Non-executives, he adds, "are enormously helpful to me both publicly and privately. It is a damn good discipline to see two dimensions."

BTR likes what it sees down the line, principally "the concept of profit centres, delegated authority, local identity and brand promotion on a national or international basis."

But Tilling is certain that BTR simply lacks the management capacity to control the colossus such a merger would produce. BTR responds by saying that it has "a surprising number of highly expert executives champing at the bit."

IBM in Europe

Due to a typographical error, last Friday's article on IBM stated the company's results in pounds sterling instead of U.S. dollars. It should have read: "Its Europe / Middle East / Africa (EMEA) division generated revenues last year of \$10.3bn, almost a third of IBM's total worldwide turnover of \$34.4bn, and contributed net earnings of \$1.12bn to the company's total of \$4.4bn.

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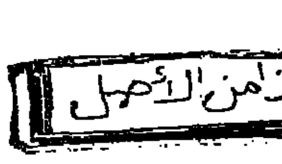


THE ARTS

Television/Chris Dunkley

Today's pulp, tomorrow's promise

If you were looking for some reassurance in the past week about the survival of talent within British television drama, the place to be was not at home in front of the set but at the spring graduate screenings of the National Film and Television School.

It is not true that every single scrap of drama on television at present is either a repeat, an American import, or a soap opera, though less than dedicated viewers could be forgiven for thinking so. Current repeat series include the BBC's *Fanny by Gaslight* and *To Serve Them all my Days* and ITV's *Bouquet of Barbed Wire, Brideshead Revisited, Minder* and *The Flame Trees of Thika.*

BBC1, with its determined "Wall-to-Wall" policy apparently designed to forestall cable operators, is importing *Dallas, Dynasty, Fame, Cannon* and *Tales of the Gold Monkey* from the U.S., and tonight BBC2 starts its new imported series *Empire Inc* "following the struggle for power of a Canadian tycoon"; a real breakthrough this—a drama series about business struggles from the *upper half* of North America.

ITV boosts the American total with *Lou Grant* and *Hawaii Five-O* and in the past week or so they have also brought us *The Grace Kelly Story* and *Jacqueline Bouvier Kennedy*, with Channel 4 providing the Vanderbilt story, *Little Gloria Happy At Last*, and BBC2 offering its British/American co-production *The File On Jill Hatch.* Their size and budgets make these the television equivalents of blockbuster paperbacks by Harold Robbins or Arthur Hailey. This week ITV has provided one wholly home-produced "mini-series" in this category, budgeted at £2.5m: Daphne du Maurier's prototypical bodice-ripper *Jamaica Inn.*

When it comes to the television version of Mills and Boon pulp the British manage very well on their own: *Crossroads, Coronation Street, Emmerdale Farm, Triangle* and the formula-fulfilling series *Jury* from BBC1, and *Studio* from ITV which is being shifted around the schedule so fast that it is hard to catch. Since this everyday story of a clifftop recording studio manages to be messy, superficial, pretentious and banal all at once that is, perhaps, no great surprise.

To be fair, Anglia Television have made an expert and highly entertaining job of adapting P. D. James's *Death Of An Expert Witness* which is brightening up Friday evenings no end. Also on Friday BBC2 broadcast a play (clashing with the P. D. James, of course) called *Perfect Shadows* about the significance or otherwise of man's landing on the moon: "Is it too much to ask that the experience should match the scale of the event?" pleaded Chuck Miller, the dispirited astronaut.

Furthermore the fourth and last part of Christopher Ralling's *Shackleton* on BBC2 lived up fully to one's expectations which, in view of the astonishing nature of Shackleton's journey and Ralling's great success with his *Darwin* series, is saying a lot. The considerable skills of cameraman David Whitson were stretched to the limit in making Force 2 on the Beaufort Scale look like a whole gale in the South Atlantic, but that aside the re-enactment on location of an 800 mile journey in a whaler and the forced march over the frozen mountains of South Georgia was conveyed with throat-catching bravura.

The week also featured the first television screening of *Moonlighting*, a drama event which cannot be sneezed at, and one which was brought about at least partly by Channel 4's admirable policy of backing films suitable for both television and the cinema.

But one film, one good drama-documentary by well established people, a single play which, however interesting, would have been as effective on radio, and a glossily produced whodunnit is not enough amid the flood of inconsequential television "drama" to sustain faith in the ability of the British television and film community to go on producing the sort of talent that matters in quantities that count.

On the other hand, the graduate screenings of the National Film and Television School were of such a tremendously high standard that one's faith was reinvigorated with all the strength of a born-again Christian. The eight works screened in London at the British Academy of Film and Television Arts ranged from a highly professional 8½ minute pilot for a full-length animated cartoon called *1884* to a 50-minute costume drama called *Los Valientes* shot entirely on location.

Naturally enough some were more impressive than others. Steve Gough shot *Day Of Atonement*, his story of alienation and madness, authoritarianism and idiosyncrasy, in one of those derelict warehouse locations so much favoured by the film noir school, providing a limbo like effect and an atmosphere of vague threat which may delight lovers of Tarkovsky but which told us more about Gough's ambitions than his abilities.

If his grasp matches his reach he may one day make a great film. The extraordinary and astonishing thing is that *Day Of Atonement*, with its stubborn obscurity and mannered techniques, was the only one of the eight works which looked even remotely like the stereotyped image of a film school product.

More than any other group of "student" films I have seen, these bore evidence that their makers, in addition to mastering the professional techniques of scripting, photography, direction and editing film, had also arrived at a powerful awareness of the needs of the audience. Gough's work aside, there was an almost ominous absence of indulgence and experimentation.

The best of the lot, *John, Love*, made by John Davis who used to be a BBC rigger, is an account of a Dublin boy's first glimpses into the world of adulthood in 1950: his first communion, a visit to his merchant seaman father's ship, and to a bar. It is the sort of semi-autobiographical work which has been tried a hundred times, and which almost invariably fails because of sentimentality, gratuitous shock, or the unconvincing sophistication of the actors.

With the help of utterly natural performances from Tony Hyland as the boy, Nuala Hayes as his mother, and Niall O'Brien as his father, Davis has miraculously avoided all the pitfalls and produced a matter of fact film marked by a charm and humour drawn from reality and never imposed via that fake lyricism which could so easily have been allowed to creep in. This is not only an amazingly sound technical exercise for a new film maker, it is considerably more impressive than *A Shocking Incident*, this year's winner of the Oscar for Best Short Film which is now on general release with *Tootsie.*

Every one of the NFS graduate films is worthy of a television slot, and without any patronising ideas of a "student showcase." They can all bear comparison with what television offers. Robert Harvey's *Peoples Sound* about West Indian amplified disco systems looks like a number of television documentaries; Ann Foreman's cunning exploration of sexual ambivalence and female subjugation in the music hall, *The Monkey Parade*, is considerably more worth while than much television drama; and although Pierre-Do Godts' *La Flûte Traversière*, with its motorcycling and bosky summer interludes, bears the hallmarks of adolescent angst, it does so knowingly and prettily.

Better still, in addition to the outstanding *John, Love*, two others do more than hold their own against the professional run of the mill. *Los Valientes* is a powerful and fast-moving "Time Out Of War" story pairing a tough English soldier with a callow French deserter during the Peninsular War. It brings to mind some of Ridley Scott's work. And *Sins Of The Father* is a strikingly original and wonderfully atmospheric film set in East Africa where an English public schoolboy visits his renegade reclusive father and falls under the spell of what he takes to be a native girl.

I understand there is a strong possibility of these films being televised, but that the non-union crewing arrangements under which they were made could become a stumbling block. If that were so it would be worse than merely a pity.

*

Monday night's opening exchanges suggest that the coming election is going to be insufferably overdone by television and that the fight on screen will be a dirty one. At least that is more enticing than a boring one. The most eye-opening item on Day 1 was *Newsnight's* portrayal of the Prime Minister's husband (played by John Wells) as a reeling drunk. This may be considered remarkably brave and even amusing but it also seems oddly ill-considered. Do they really intend to provide "balance" by depicting a fuddled Jill Foot, a ginned Jennifer Jenkins, and a squiffy Judith Steel?

Jane Seymour and Trevor Eve in "Jamaica Inn"

Grand Magic Circus/Paris

Nicholas Powell

With *Superdupont Ze Show*, a song and dance satire on the French Way of Life, Le Grand Magic Circus have recovered their bite: their last production, *Les Melodies du Malheur*, more sick than slick, was lacking in inventiveness and *shored up* with superfluous gags.

Superdupont Ze Show, playing at the Casino de Paris before going on international tour is based on a popular cartoon character, Superdupont, a sort of poor Frenchman's version of Superman. The Circus's new surge of inspiration seems due to the collaboration of the men behind the Superhero — Marcel Gotlib, Jacques Lob and Jean Sole—as well as the recruitment of boulevard theatre superstar Alice Sapritch whose roles range from Girl Guide leader and bordello Madame to Prime Minister and Marianne, personification of the French Republic.

Superdupont, whose Gallic moustache, long johns, beret and slippers are an appropriate response to the tighter fitting costume of his slicker American counterpart, has a tough mission. When not persuading *suburban punk rockers* to love their aged parents he fights for traditional French values against the horrendous "Anti-français".

Director Jerome Savary takes us through Superdupont's life and love stories with a succession of quick-change tableaux enlivened by brilliant song and dance numbers, interspersed with short, hilarious sketches in which pillars of French civilisation such as the bullying gendarme and Yvette Horner, eternal diva of the accordeon, are pilloried

Nothing in this quick-moving kaleidoscope is, happily, sacred. Superdupont acquires his magic powers as a small boy in a vault under the Arc de Triomphe where he endures the administration of a supernatural suppository — the size of a mortar shell — from the ghost of his father, the Unknown Soldier.

Superdupont's gifts cover the field of diplomacy and medicine. But even he has a weak point—his heart. The loafing champion of French values comes a cropper to Georgette, a Parisian traffic warden, whose colleagues put in one of the best dance routines of the show. A psychological *crisis of Racinian dimensions* occurs, however, when Superdupont learns that Georgette is half foreign. The remose-ridden traffic warden sings a plaintive ballad about the living hell of being only 50 per cent real French.

Superdupont forgives after learning the dastardly circumstances in which Georgette's mum—an innocent provincial lass—was lured to her downfall by a fez-wearing kilt-bedecked tourist who spoke foreign.

Needless to say, the clichés and prejudices Savary has joyfully lambasted thoughout the show, triumph: a reassuring conclusion for all traditionalists.

Noël and Gertie/King's Head

Michael Coveney

If the New York critics are to be believed, *Noël Coward* has just been subjected to a most terrible mauling on Broadway by Richard Burton and Elizabeth Taylor. He has suffered the opposite, but no *less distressing fate*, at the King's Head, where Sheridan Morley presides with proprietorial black-tied smugness over this tepid compilation show.

Coward is here fingered discreetly by a host and a cast of four who all believe him to be a jolly good thing. With gentle outrage, Mr Morley quotes a bad review *Private Lives* garnered in Southsea. How *dare* anyone, especially in Southsea, be so rude about Coward. Coward's snobbism was a stylistic weapon. It informed his creative output, was transformed by his style. Mr Morley's self-reflective echo is merely oafish.

The model for the show is the Sondheim songbook, but at least that enterprise welded the participants together from time to time. Noël and Gertie are played by Simon Cadell and *Joanna Lumley, with a shadow* play of vocal contributions from David McAlister and Gillian Bevan. These latter two are competent singers. Mr Cadell and Miss Lumley find some astute angles on the *Private Lives* scenes that top and tail the cabaret, deliver the intervening excerpts, mostly from *Tonight at 8.30*, with flair and dash.

But the overall air of dramatic inertia is the fault of our benign host, who punctures the proceedings with such deathless lines as "*Ways and Means* [a sketch from *Tonight at 8.30*] was set deep in Frederick Lonsdale country" and "Noël and Gertie never worked together again," or "Noël and Gertie were no longer fashionable."

It seems to me footling to try *to build a thesis on that* relationship of the stars through the material written for it. After establishing that Lawrence and Coward (I loathe the phoney intimacy of Christian names) both came from the wrong side of the same South London tracks and were both *hopelessly stage-struck*, Mr Morley never convinces us of their interweaving chemistry.

The emotional fencing that goes on in the *Private Lives* Act One excerpt (Mr Morley: "The second most famous balcony scene in the whole of stage history," as if that proved anything) and backstage in *Red Peppers* are of a totally different nature. Miss Lumley, in a *diamante-studded* white gown with plunging backline, shifts adeptly between the two "voices" without suggesting an essential link.

Mr Cadell fixes his visage into *a series of grotesque masks*, an interesting hollow despair informing all of them. He makes brilliant use of "Mrs Worthington" to fix his adolescent rival with an ebullient disdain on an early suburban gig. But, of necessity, the extraordinary *collision of two major trans-*atlantic stars goes unexplained, uncelebrated.

Alan Strachan's production is as sparkling as the format allows, acquiring a nice deflective, gossamer touch with reference to *Shadow Play* before returning us, inevitably, to the Cowardly Mastermind. And William Blezard thumps valiantly away on the piano.

Alastair Muir

Joanna Lumley

Sadler's Wells appoint David Bintley

Sadler's Wells Royal Ballet has announced that David Bintley has been appointed company choreographer.

He is currently choreographing a new work for the company, to a commisioned score by Aubrey Mayer, which will be premiered at Sadler's Wells Theatre in September.

Philharmonia/Festival Hall

David Murray

On Monday Vladimir Ashkenazy appeared again without his piano, conducting the Philharmonia in Rakhmaninov and Sibelius. Sibelius was represented by his Third Symphony, in which Ashkenazy made less of its structural weight than of its colour-potential. Though the closing peroration was duly sonorous and solemn, this wasn't a monumental reading; on the contrary, the Allegro moderato was all febrile simmering and flickering tints. The Andantino variations with their wistful folk-flavour remained cool, elusive, slightly adrift. The symphonic grip of the work had to be taken on trust.

Rakhmaninov came in much richer dress. Since *The Bells*, his massive voices-and-orchestra *tour de force*, was to end the evening, Ashkenazy seized the opportunity to perform the neglected Three *Russians Songs*, op 41. These are folksongs assigned quite simply to choral altos and basses (they collaborate *only* in the third), but embedded in luxurious, elaborately imaginative settings for large orchestra —an awkward proposition for an ordinary concert, especially since they are short. Here they made a great impression, with Ashkenazy and the orchestra pointing up the ingenuities of the score most vividly. The Philharmonia Chorus singers just about held their own; a much larger group of lusty amateurs might fit the work better.

The Bells was another *riot of* colour. I remain to be convinced that the theatrical shudders and crashes of the "Loud alarm bells" movement trace any cogent plan, but they were given their full flamboyance. Ryland Davies was the mild but effective tenor soloist in the first movement, John Shirley-Quirk good and grave in the last; with her gift for rapturous intensity, Sheila Armstrong lit up the "Wedding bells" movement. The cor anglais solos were beautifully taken by the same player one admired with the Royal Philharmonic and the LPO last month: our orchestras seem to co-operate more closely than one had imagined.

*

In a recent record review, a sudden mind-slip made me identify the soloist in Kurt Weill's Violin Concerto on a welcome DG re-release as Ilona Brown. In fact the violinist is the excellent Nona Liddell, not the excellent Miss Brown.

Paul Coker/Wigmore Hall

Andrew Clements

Mr Coker, joint winner of the first BBC Young Musician of the Year Competition in 1978 and a hatful of prizes and scholarships since then, brought Beethoven and Schubert to his Wigmore Hall recital on Monday. He brought also a testimonial from Alfred Brendel describing him as a pianist with "insight and intelligence, combined with seriousness . . . and technical security."

The latter two qualities he certainly has, though it is a security of a strangely heavy-handed kind, an approach that puts safety first. Mr Coker is also a well turned out player, schooled in all the correct keyboard manners, but on the basis of this programme not an especially interesting one. The sonatas he presented were still in identikit form, their components invariably fitted into the correct relationship but lacking the breath of vitality to transform them into living, tactile performances.

Where there were successes —the sinewy fugato in the last movement of Beethoven's B flat sonata Op 22 for instance— they seemed to be more the product of sheer technique than musical perception. In another context an account of the Appassionata Sonata that deliberately rejected all unnecessary rhetorical gestures would have been refreshing and interesting; here, though, it *seemed to be just the final* result of a less than incisive approach.

In Schubert's A minor sonata D.537 pianist and music seemed temperamentally out of kilter. The first movement was not assisted by a slowish tempo: practicable when the pianist can produce ravishing tone and melting phrasing, but less attractive when the approach is so plain and unadorned. The 16 *German Dances D.783* were no doubt inserted in the programme to provide a moment of lighter relief, but in them Mr Coker produced some of his most relaxed and attractive playing, with a naturalness to the phrasing that had been notably absent elsewhere.

Jerome Deschamps/Almeida

Martin Hoyle

The culture that gave us Dada now sends us a company whose vignettes leave one as guiltily aware of cultural differences in humour as those chic little French comic strips so favoured by the more desperately modish sections of the Press. There must be something lost in translation.

That explanation is inadequate, however, since what little speech there is in the programme's first hour is English, *and even this I found baffling.* Vignettes shared between three bizarre characters—male, female and drag—are punctuated by a chanted refrain urging you not to forget your blues is yours. Light of a sort dawns with the realisation that all are wearing overalls, and are presumably eulogising the *blouses* of the playlet's French title.

"Jesus' blood never failed me yet," adds M Deschamps from time to time. In a flowery pinny he recalls the Monty Python charladies; and physical oddity figures prominently. Michèle Guigon distinguishes herself as a bar patronne, cleaning and polishing the counter with elbows apparently pinned to her sides.

The evening's second half aims more directly at conventional comedy, with a comic-strip sketch about an officious cop, a leather boy and two Sally Army ladies. A wistful anecdote about a downtrodden waiter's attraction to a customer contains an ingenious theatrical stroke when table and diners are tilted on their side to give us a bird's eye view of the scene. Alain Margoni's pompously sententious lecture on classical music, beamingly translated by one of those lady enthusiasts who are the mainstay of cultural circles, is genuinely funny.

The programme includes a short film by Sophie Tatischeff, Jacques Tati's daughter. An affectionate glance at the clubb 7 clientele of a patisserie, it shows the family talent for cumulative quirkiness. Fusato Konda sings Puccini, Gounod and, most charmingly, Poulenc with a full lyric soprano.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 6–12

Theatre

LONDON

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a Unesco conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (928 2252).

Noises Off (Savoy): *The funniest play* for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. *A tone of serious levity is* well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (928 2252).

Trafford Tanzi (Mermaid): Exuberant play starring Toyah Wilcox that sets the battle of the sexes in a wrestling ring. This fringe success has reopened the embattled City of London venue. (236 5568)

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 8108)

Guys and Dolls (Olivier). A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents *of the National Theatre and some* unlooked-for singing talents as well. (928 2252)

NEW YORK

Top Girls (Public): After the Royal Court production enjoyed a short sold-out run, Caryl Churchill's ruminations on ambition and women re-opens with a local cast including film actresses Linda Hunt, Kathryn Grody and Sara Botsford, again directed by Max Stafford Clark. (598 7100)

Showboat (Gershwin): The newly renamed Uris hosts the Houston Opera revival of the 1927 Kern-Hammerstein musical with songs like Old Man River, starring Donald O'Connor. (51st W. of Broadway, 586 6510).

Duet for One (Roundabout): Eva Marie Saint brings to New York her starring role as the stricken concert performer facing her psychiatrist in *Tom Kempinski's theatre a clef.* (242 7800).

Brighton Beach Memoirs (Alvin): As *usual, Neil Simon is more funny* than touching even when recalling painful puberty in 1937 as his family struggles with the Depression, with an excellent cast led by Matthew Broderick as the aspiring teenage writer. (757 8646).

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the new year – Arvin Brown's musty but true revival of the melodrama of forbidden love in New York dockland. Tony LoBianco may reach the full pitch of contrived despair too soon, but audiences love the schmaltz, even in an Italian accent. (239 6200)

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Carrie Fisher enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Nine (46th St): Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262)

WASHINGTON

Buried child (Kreeger): Vintage Sam Shepard, a 1979 Pulitzer Prize winner, recounts a family reunion in which the returning son is not remembered by the rest of the family and garbage ends up on the floor. (Arena, 488 3300)

CHICAGO

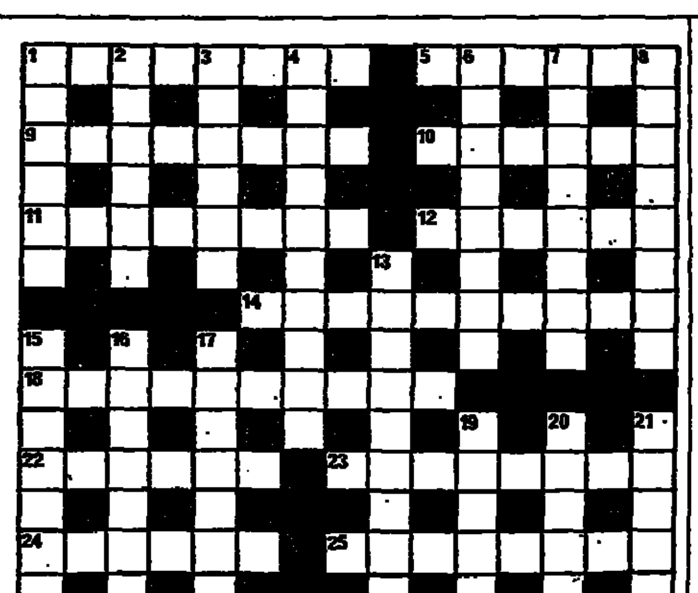
The Dining Room (Goodman, 200 S. Columbus Dr.): A. R. Gurney Jnr's vision is confined by four walls, the four walls of a middle-class New England family as it changes with its inhabitants. (443 3800)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

Gardenia (Goodman) John Guare picks a post-U.S. Civil War setting for his latest play, following up Bosoms and Neglect with idealism trying to set down roots in innocence.

Red River (Goodman Mainstage): Robert Woodruff directs David Mamet's translation of Pierre Laville's speculation on the lives of Bulgakov and Mayakovsky as the two Soviet writers struggle for their lives and work. (443 3800).

F.T. CROSSWORD PUZZLE No. 5,168



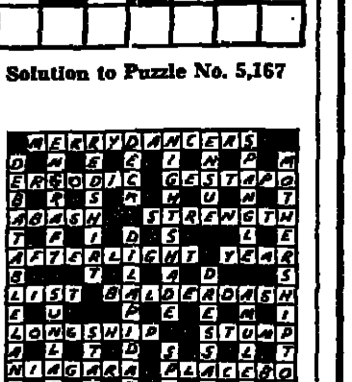
ACROSS

1 It sounds like a cab, but its nature depends on its *performance* (8)
5 First man in for tin? (6)
9 Activity, maybe in 16 down (8)
10 Flowers that are exchanged? (6)
11 It isn't true: I lead the wise men to a boy (8)
12 Ex con all confused with God (3, 3)
14 Relentless fiend at Los Angeles with message (10)
18 Accursed breather suffered by aggressor? (6, 4)
22 Beast with a lot of tomatoes, about a hundred (3-3)
23 Two bits of meat, and hurry! (4-4)
24 A vice? Yes (6)
25 Young bird left during immersion (8)
26 Pact to have a meal—try outside (6)
27 Pussy doesn't seem to be in tune with a little pad in town? (4, 4)

DOWN

1 Cross by Orchy bridge (6)
2 Northern assault unfinished in the West Indies (6)
3 Rhyme for the penalty box (3, 3)
4 Plan a whole operation on TV? (6-4)
6 Pocket only one ball on TV? (3, 5)
7 Sound of American coin gets by in novel family (8)
8 Left job without protest? (8)
13 Place of detention unsuitable for stone-throwers (5-5)
15 Take away the intangible? (8)
16 Use compulsion about a soldier's medal for trade (8)
17 A record-player with a little money not far off (8)
19 This puts a group's views—they may be put in wheels (6)
20 Excitement of a little time in the money box (6)
21 Excessive drinker entertains excessive eater on tap (6)

Solution to Puzzle No. 5,167



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Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday May 11 1983

New ideas for Williamsburg

AGAINST ALL the odds—and *especially the political odds*—some genuinely new and constructive ideas seem to be mustering enough international support to raise hopes for the Williamsburg summit next week. Given the radical disagreements between the seven participating countries, and between the U.S. President and his legislature, there is still much that could go wrong; *and since one of the* seven is without a Government, and another in the middle of an election campaign, firm leadership will be in short supply. However, the problems the free world faces impose their own urgency, and some suggested answers are beginning to surface.

The problems are all too *familiar: the world recovery* remains weak and tentative, the *international debt problem is* very far from solved, and progress on either front is badly hampered by high real interest rates. There is growing agreement, too, on some of the major causes. National economic policies are out of step, and cause turbulence; low real demand, intensified by growing protectionism, undermines the *efforts of debtor countries to* earn their way out of trouble; *and Government borrowing* — especially the projected long-*term deficit of the U.S. Govern*ment — sustains high interest rates.

This much is familiar. What is new is the growing acknowledgement that we did not fall into this trap by ill-luck, but because we followed ill-thought-out policies in nearly all the major countries. In particular, too much weight was given to *efforts to control the growth of* national money supplies, and *too little to the other factors* which set the climate for *growth* and inflation — financial stability, reasonable external balance, and the orderly growth of money incomes.

Consensus

These are at least as much technical as political questions, and it is among the technicians that a new consensus is first beginning to emerge. Thus the OECD Secretariat in Paris and the *commercial* and *central* bankers who make up the *Group of 30 have both* independently proposed the same radical change in the last *few* days: the aim of monetary policy should be to secure an orderly growth of money national income rather than of the money supply.

The underlying thought could still be described as "monetarist", since the aim of money supply policies always was to secure a steady growth of nominal GDP; but the bankers have now come to realise that this approach does *not seem to work in turbulent* times, while the traditionally Keynesian Paris group have come to realise that an orderly growth of nominal demand neatly combines their long-term preoccupation with real growth with the over-riding priority of recent years, to limit inflation. By definition, it permits real growth to resume as and when *inflation is checked*.

This statement of objectives begs *many* operational questions, of course, as its proponents recognise. It is no easier to secure steady nominal growth today than it was to achieve steady real growth in the era of nearly-stable prices of the 1950s and 1960s; but it should not, after a little experience, prove *any harder either*.

A convergence of nominal growth rates *would of itself do* a lot to ease the strains which *have made exchange rates so* unstable. It is also a formulation which should make sense both to leaders like President Reagan and Mrs Thatcher, who give high priority to monetary stability, and those, like President Mitterrand, who demand some objectives for growth. What has united the bankers and the economists could unite the leaders.

Open markets

A technical restatement *of* the unchanged aim of macro-economic policy will not, of course, solve all problems; it will *simply help us to avoid* tripping over our own feet quite so often. A second important theme, underlined recently by the U.S. Treasury Secretary, is to provide open markets for emerging producers in the Third World. This does pose some hard political questions, especially in Europe and Japan; but protectionism, as Dr Johannes Witteveen points out on behalf of the Group of 30, depresses world trade, intensifies the debt problem, and raises prices in the countries which practice it. U.S. leadership here *is welcome*.

The rest of the catalogue has become *familiar* in recent months: the need to frame domestic policies with an eye on the exchange markets, the question of smoothing intervention in the currency markets, and above all the adoption of convincing strategies to reduce structural budget deficits, particularly in the U.S. All this would help to produce stability and lower interest rates.

Williamsburg will certainly not initiate a new Bretton Woods, as President Mitterrand demands; but if it fails to produce some very helpful policy changes, it will not be for lack of an agenda.

THE RUMASA AFFAIR

Questions at the end of the money trail

By David White in Madrid and Alan Friedman in London

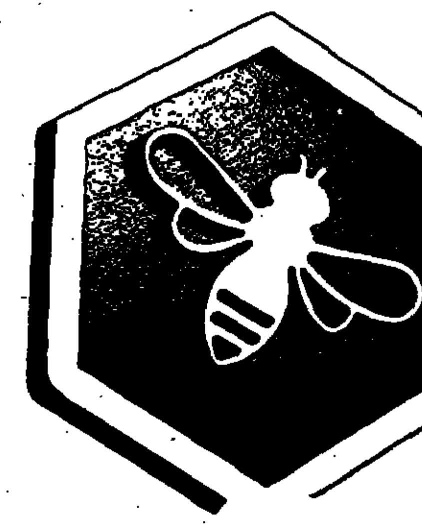
SCANDAL, financial ruin, the collapse of a self-made man's *multi-billion* dollar empire, personal attacks on *government ministers, clandestine* meetings with bodyguards *in London* hotel rooms and mysterious money transfers to South America—*these* are normally the ingredients of a Grade B thriller.

In the case of Spain's *nationalised* Rumasa group however, these are just some of the *ingredients of a real-life drama* in which the stakes are nothing less than the credibility of a Socialist Government—which has made numerous allegations of wrong-doing—and the future of 52-year-old Sr Jose Maria Mateos, Rumasa founder and Spain's biggest private industrialist.

Sr Ruiz-Mateos has been living in a small London flat for two months now. In Madrid the Spanish authorities yesterday issued a warrant to bring *him to testify in Madrid hearings*.

Sr Jose Maria Ruiz-Mateos . . .

❛ In London, Spanish officials have uncovered, instead of what was originally thought to be a straightforward group of wine importers owned directly by Rumasa, a rather different animal known as Multinvest ❜



The symbol of the Rumasa empire . . .

Sr Ruiz-Mateos's private empire – including hundreds of companies in banking, hotels, construction, chemicals, agriculture, wine and sherry production – was taken away from him at a few minutes before midnight on February 23. The Spanish Government said the expropriation was necessary in "the public interest" and particularly in order to protect Pta 600bn (£2.8bn) of the public's bank deposits in 18 Rumasa banks.

The Spanish state prosecutor's office is calling for criminal charges against Sr Ruiz-Mateos on several grounds, including alleged currency and tax offences and falsification of documents. Sr Ruiz-Mateos denies everything.

Rumasa has never, in its 22-year history, *published any con*solidated financial accounts and *so it is difficult to evaluate* the Government's charges that Rumasa grossly overvalued its assets in order to cover up losses which could have caused the authorities to close the group down if they had known about them.

The Government's most important objective is to explore the existence of a "submerged" side of the Rumasa empire, both in Spain and abroad. This hidden set of companies, *dubbed* Rumasa B, is believed to have been set up within the last two years, after Rumasa itself *had started* to come under strong pressure from the Spanish authorities to cut back on its runaway acquisition policies and to agree to a full external audit by the prestigious accounting firm of Arthur Andersen.

The Government says the Rumasa group, which it calculates last year made a loss of Pta 57bn (£265m) in its holding company, has a negative net porth of at least Pta 200bn (£930m).

Sr Ruiz-Mateos *denies there* is any unexplained shortage. *He maintains he had* a perfectly legitimate business group *which he* values at Pta 500bn (£2.4bn).

The Spanish investigation is exploring the theory that there is a secret and foreign network of undisclosed companies actually owned by Rumasa or Sr Ruiz-Mateos himself.

These companies would have been largely financed by Rumasa-owned banks, which were already busy funding something like 80 per cent of other Rumasa companies in the group in Spain.

In an interview with the Financial Times Sr Miguel Boyer, Spain's finance and economics minister, said that the total amount of negative net worth could be as much as Pta 300bn.

*In Spain. Government investi*gators think that through inter*mediaries Rumasa* bought *con*trol of two banks (beyond its *18 disclosed banks*) and numerous other companies including the well-known brandy and sherry business Fernando Terry.

In London, Spanish officials have uncovered, instead of what was originally thought to be a straightforward group of wine importers owned directly by Rumasa, a rather different animal known as Multinvest.

Multinvest (UK) is a City-based holding company which is owned by Multinvest NV in Curacao. Multinvest companies include the Augustus Barnett wine chain in the UK and other companies. But ownership of Multinvest NV is itself the subject of an English High Court action in which the Spanish authorities say that the Multinvest network abroad, including companies in Panama, was *owned as an undisclosed* Rumasa subsidiary or by Sr *Ruiz-Mateos himself*.

Spanish officials are now investigating possible violations of Spain's exchange control and *tax laws in relation to the Multi*invest network and the transfer *of funds from* Rumasa banks to Multinvest.

A key illustration of the Multinvest system can be found with the Augustus Barnett wine chain: *Sr Ruiz-Mateos published* in 1981 a glossy 20th century *book of Rumasa companies*. A list of subsidiaries and associates includes the Barnett chain.

Shortly after the publication of the anniversary book, and without any announcement, the Barnett business became the subsidiary instead of Multinvest (UK).

In a recent interview with the Financial Times Sr Ruiz-Mateos was unwilling to discuss the ownership of Multinvest. He confirmed the existence of a multi-million dollar money transmission network which involved Rumasa banks and Multinvest, but said he had no knowledge of the details of its operation.

Spanish Government officials confirmed in interviews last week that they are working on the theory that the Multinvest network and a number of its dummy companies in Panama, Liechtenstein and elsewhere had been created on the express instruction of Sr Ruiz-Mateos himself.

Here is how these Government officials currently see the workings of the Multinvest network:

In 1981 Sr Ruiz-Mateos is believed to have dispatched a trusted lieutenant and personal friend—Sr Carlos Quintas—to London in order to establish Multinvest (UK) and its related companies in Curacao and the Netherlands.

Sr Quintas, who *last week* resigned as managing director of *Multinvest and left* the UK, had worked previously at Banco Atlantico, a bank in which Rumasa took a major stake in 1976. From 1978 to January 1981 *Sr Quintas worked as* head of the international banking *division of* Rumasa. He resigned as a Rumasa employee when he came to London in 1981.

The Banco del Norte, a Rumasa-owned bank, ordered the transfer of about $70m to Multinvest companies through guaranteed loans, most of which was channelled through the London and Amsterdam branches of the Banco de Jerez, another Rumasa-owned bank.

Around $45m of the funds were sent *from* these Banco de Jerez branches to companies *such* as Inversora Iberoamericana in Panama and to companies owned by Inversora, the theory goes.

For example, Cora, an Italian wine company, is thought to have been the recipient of several million dollars of loans from Inversora, which itself held 96 per cent of Cora shares.

Another case is the Banco del Plata, a Uruguayan bank in which it is thought Inversora took a 51 per cent stake by paying $3.7m with money from Banco del Norte in Spain, through the Banco de Jerez Amsterdam branch and on to Inversora in Panama which *made the purchase*.

A number of Banco del Plata shares are now in the hands of the Uruguayan central bank *and last* week senior Spanish investigators visited *Montevideo to discuss* the holdings.

A high ranging official at the Uruguayan central bank told the *Financial Times*: "*We have* taken a long time to detect the *true ownership of* Banco del Plata. We set up an investigation two months ago and when the Spanish Government expropriated the Rumasa group in Spain we discovered that just over half of Banco del Plata was owned by Banco de Jerez."

During the past three years Sr Ruiz-Mateos is said to have visited Montevideo once and spent only 16 hours there. He did go to the bank — which was never a disclosed Rumasa subsidiary—and he is reported to *have commented that the* signs were dirty and needed *polishing*.

The suspected trail of fund *transfers* from Rumasa through Multinvest is more complex however. Much of the money transmitted from Spain to London and on to Panama was authorised in telex loan guarantees from Banco del Norte. Spanish Government officials believe that some of these telex loan guarantees, copies of which the *Financial Times has seen*, authorised loans to Panama*nian companies* which had no real business.

Both Sr Joaquin Lopez Ayuso, who resigned as head *of Rumasa's banking division* last September, and Sr Adolfo *Lafuente Martinez*, who is the general manager of the London branch of Banco de Jerez, have discussed the entire money transmission network with the Financial Times.

Some of the money, they say, returned from Panama to Multinvest in London, which held it or injected capital into companies such as Sherry House, a wine and sherry warehousing concern in the UK, and Augustus Barnett. The first received $4m and the latter $9m.

In the case of *Sherry House*, a key UK warehouse for Rumasa and never *disclosed* as a Rumasa company, the $4m of loans were cancelled by Multinvest and turned into an *equity* stake.

Some of the money went *through* Multinvest bank accounts — numbers 1030074 and 8569/55—held at Nordfinanz-Bank and other Swiss banks in Zurich. From there, the theory goes, it was moved on to London and other places.

In some cases, according to a senior Spanish official, it has been established that the name of the original borrower from Banco de Jerez branches was later changed. This, he said, *appeared to* be connected with limits imposed by the Bank of Spain on the concentration of Spanish bank loans in any one country. One example he cited was a loan to International Cornerstone (Panama), later switched to the name of Caledonian Vinters, a Multinvest *company in the UK*.

Sr Ruiz-Mateos told the *Financial Times* he knew nothing of the details of the money transfers and denied ordering personally the telex loan guarantees from Banco del Norte to Banco de Jerez branches. He said he was unaware of such activities.

Sr Lafuente Martinez, who was called to Madrid last week for consultations, confirmed *that he* handled some of the Banco de Jerez transmissions, but said *he had no alternative* but to obey instructions from the Rumasa group in Spain. "When you get orders from *head office*, you cannot question them. I simply did what I was told. If this meant transferring funds to Panama I did it. If I had refused orders then I would have had to resign," he explained.

A Spanish Government investigator told the Financial Times last week that much of the interest on loans made by Banco de Jerez was paid by Multinvest (UK) and its *associate companies. The loans were* short-term three month facili*ties which were "rolled over"* as they matured, he said. Thus, Multinvest was paying interest to a Rumasa-owned bank for loans to a company such as Augustus Barnett, which until 1981 was listed in the Rumasa family of companies and later became a Multinvest company.

It is this kind of transaction which leads the Spanish Government to the idea that the Multinvest network was either an undisclosed Rumasa subsidiary (which violated currency and other laws) or even owned by Sr Ruiz-Mateos himself.

The ownership of Multinvest remains to be determined in the High Court.

After the expropriation of Rumasa on February 23, Multinvest arranged further finance for its subsidiary, the Augustus Barnett wine chain in Britain, which was listed by Rumasa in 1981 as one of its companies.

The Spanish Government came to the rescue and injected £2m into Barnett and 100 per cent of Barnett's shares were pledged to the now state-owned Banco de Jerez.

It remains unclear, however, how the Barnett chain somehow became a Multinvest company. The ownership of Mulinvest, when it is ascertained in the High Court, could provide the missing link in the Rumasa saga.

Someone's slip is showing

THE CONVENTIONAL objectives of British monetary policy may not be at the forefront of anyone's mind this week. And it would be foolish, at the best of times, to pay much attention *to a single month's* money supply figures. Yet a sudden and unexpectedly large surge in the April money supply, accompanied by an uncomfortably large rise *in* wholesale prices, is certainly grist to the pre-electoral mill; and *the political* implications will not be lost on such economic sophisticates as Mr Denis Healey.

The political (and cynical) case for a rapid expansion of the money supply before an election is that it sweetens up the voters. The bill, in the form *of higher inflation* and *higher* interest rates, comes later. Labour *may* thus be tempted to take the Tories to task on the basis of yesterday's indication that sterling M3 grew last month by nearly 2 per cent, which would suggest an annualised rate at the top end of the government's target range.

Dangers

There are, however, dangers *in putting the figures to such* polemical use. The first is a *matter of history*: Mr Healey's own record before the 1979 *election is* scarcely immune from attack on the same score. *The Tories* may thus conclude that muck, like money, is bet*ter when spread* and spread in in Mr Healey's direction. The second consideration concerns the figures themselves, which are not necessarily as clear-cut as they appear.

The underlying rise in sterling lending to the private *sector*, which has recently been running at over £1bn a month, has now come down to £450-£500m. The fall would be still sharper but for some unwinding of the authorities' position in the bill market, where they have been lending short to industry in the attempt to constrain monetary growth without raising interest rates.

Moreover, while sterling M3 and PSL2 (which includes building society deposits) appear to be expanding fast, the recent strength of sterling hardly points to a lax monetary stance. This week's weakness can so far be attributed simply to *election jitters*. The question is whether it will turn into something nastier.

If it does, both sides will have a field day. Should sterling's decline impose a hike in short-term interest rates, the Conservatives will put the blame squarely on the market's fear of Labour's fiscal plans. For its part, Labour will point to the rise as an indictment of the Government's economic policies.

Credit

Few, meantime, will observe that this week's money supply figures do raise a longer term question about economic policy to which successive governments have failed to find an answer. The rise in PSL2 suggests that, once again, building society credit is doing much to move existing property, but much less to prompt new housing starts—though in this instance, credit may be validating asking prices which were too high to tempt buyers a month ago, rather than pushing up house prices directly. The problem is to *establish* the requisite level of new building before the money *runs out*.

As for sterling M3, the rise in April is the natural result of the bulge in government borrowing. The question it raises is a very old one: why is the Treasury still so bad at forecasting public outlays? Try that on the hustings.

Men & Matters

Bank rates

Bank customers in the U.S. may still be strapped for cash but *not so it seems the banks' own* senior executives.

Walter Wriston, the 63-year-old chairman of Citicorp now has a salary package to match the bank's status as the largest banking group in the U.S.

Last year Wriston crashed the $1m a year barrier in "executive compensation" earning $1,156,850 in salary and bonuses compared with $779,323 in 1981 to retain his position as the *highest paid banker in the U.S.*, according to an American Banker newspaper *survey*.

Wriston's 48 per cent pay rise was largely attributable to Citicorp's 35 per cent increase in earnings last year which resulted in his incentive compensation (bonus) soaring from *$187,425 to $465,000*. His basic pay increased by a more moderate 17.5 per *cent to* $634,333 while he also collected $19,257 for professional fees for a tax counselling service and $38,000 from a savings incentive plan.

The second highest paid bank executive last year was Lewis Preston, the 56-year-old chairman *of* J. P. Morgan, the nation's fifth largest bank holding *company* and *the* second most profitable. He earned $863,409 *including* $398,409 under Morgan's bonus and deferred profit sharing plans compared with $746,294 in 1981 to jump from the number four slot to number two.

New York and Texas bank chairmen dominate the top of the list. After Preston came John McGillicuddy of Manufacturers Hanover, who earned $856,288; Donald Platten, Chemical, $789,769; Gordon Wallis, Irving Bank, $767,500; William Spencer, Citicorp's retired president, $755,324; and Ben Love, Texas Commerce *Bankshares*, $740,350.

The four bankers dropping *out of the Top 10 were* Roger Anderson, chairman of Continental Illinois, the Chicago bank which took a battering as a result of energy loans bought from the failed Penn Square Bank; Barry Sullivan, First *Chicago*, Willard Butcher of Chase Manhattan, and Samuel Armacost of Bank of America.

In the picture

Sir Lawrence Airey, *biblio*phile chairman oft he Board of Inland Revenue, disclosed yesterday thatt he video revolution is about to hit the staid offices of the taxmen.

Last year, the Inland Revenue Staffs Federation stole a march on management by circulating copies of a video on the *impact*, appropriately enough, of new *technology in the service*.

Stung by the professionalism of the video presentation and its success in informing members of the union's point of view, Airey told the union's annual conference in Bridlington that the Board had last week decided to emulate the idea.

And having endeared himself to some delegates earlier at a *private social function with his* fairly robust views on the Government, Airey expanded from the platform on the need for better communication between management and workforce.

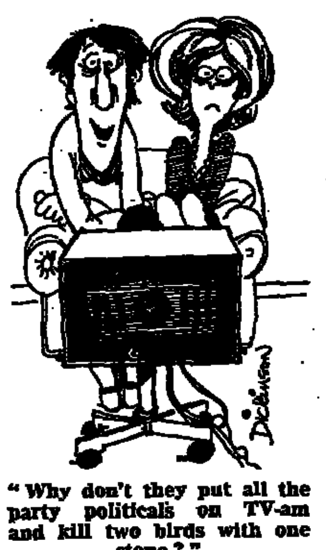
But eight left-wing delegates did not wait to be put in the picture. As soon as Airey appeared, they walked out in protest.

No amateurs

The academic life need not prove a barrier to the riches of this world. I quote, as examples, Professor Stuart Ramsden, head of the department of applied physics at Hull University for the past 15 years, and his wife, Dr Eileen Ramsden, who writes chemistry textbooks.

The Ramsdens were founders of a company called Laser Applications Ltd (LAL) started *with the encouragement of* Hull University seven years ago.

LAL has turned out to be the sort of high-tech business which causes ripples of disappointment if it fails to double its turnover each year. So far, it has never failed to meet expectations and is turning over some £1m this year.



"Why don't they put all the party politicals on TV-am and kill two birds with one stone ?"

It has just made a £1m sales agreement with Videojet Systems International of Chicago to market *LAL's Laserbrand* system for dating goods in the food, drinks and *confectionery* industries.

The *main* beneficiaries will be the Ramsdens who are still the *majority* shareholders, although Stuart Ramsden points *out he has* delegated the day-to-day running of his company to former graduates from his department. He prefers the university life.

Technical Development Capital (TDC), part of the Finance for Industry group, put up £300,000 of expansion finance for LAL last year and Peter English, TDC's representative on the LAL board, is forecasting annual sales of £10m for LAL within five years.

While the Viodeojet deal is *spurring on current expansion* the company has two other new products in the pipeline. One is a wave *guide* laser for use primarily in the medical field. The other invention is top secret.

Pleased that his company is being run by professionals, Stuart Ramsden says "To be run by amateur academics is the worst fate that can befall a university offshoot."

Money back

Jersey taxpayers have been startled to learn that the authorities have given the chief executive of the Island's courts, known as the Viscount, a float of £30,000 to help him investi*gate the bankruptcy* of a company which has never operated anywhere near local shores.

The only connection that Intersub — which chartered miniature submarines for oil and gas exploration—has had with Jersey is that it happened to be registered on the island.

The reason for the official pursuit is that the island has to show it is prepared to pursue bankruptcy cases, however complex and time-consuming, to safeguard its reputation as a financial centre.

In this case over £7m of debts has been pursued through courts in England, Scotland, Italy, France, Norway and *Bermuda*.

The hunt began in 1980 and *some* £800,000 has now been recovered for the creditors.

Jersey's taxpayers have done well out of the chase. As the Viscount's department gets 10 per cent commission on the assets handled, and 2.5 per cent of the money distributed, the island government will get its £30,000 investment back, plus a substantial profit.

Twice shy

A bigamist is a man who likes to keep two himself.

Observer

NORTHERN IRELAND POLITICS

A last chance for the moderates

By Margaret Van Hattem, Political Correspondent

UNNOTICED BY most people in Britain, something has been happening in Northern Ireland *which could have the dangerous* effect of blocking any further attempts at political progress *for the rest of the century.*

It is not the much-publicised and sometimes exaggerated emergence of Provisional *Sinn Fein* in politics. It is the simultaneous decline of the Social *Democratic and Labour Party,* which may not survive until the end of the year.

Mr James Prior's initiative in setting up the now eight-month-old Northern Ireland *Assembly aimed to draw back* into political life the moderate Unionist element which had *all but disappeared from it.* Instead, it seems to have driven away from politics the moderate Nationalists.

For the past 13 years they have voted for the SDLP. But during this time *the party* has won nothing from London or Dublin to support its claim that constitutional politics are more effective than bombs and armalite rifles. British public opinion has always been more responsive to IRA bombings than to the ideas of the SDLP, and the Republic has been content to keep a low profile.

That is why the SDLP faces next month's British general election with its back to the wall. Its supporters—most of the Nationalist community—are unlikely after all this time to start voting for the violence of the paramilitary groups *or* the moderate Unionism of the Alliance Party. They are more likely to opt out altogether, leaving the field by default to the IRA, its front organisations and supporters.

But once the moderates go, it will take a very long time to *bring them back. And no* political progress is possible without them.

The SDLP's chances of survival are linked to developments in three areas:

● The general election. The SDLP expects to win twice as many votes as *Sinn Fein* but could still end up with the same number of seats—one each. If *the SDLP wins less than two of* the five potentially Nationalist seats, they will be in trouble.

● The Forum for a New Ireland. Conceived as an attempt to put moral pressure on Britain and the Unionists by spelling

Key political figures: Mr John Hume (left), the SDP leader, and Mr James Prior, the Northern Ireland Secretary.

out the reasonableness and generosity of Nationalist goals, it could end up demonstrating *that the Irish are not* all that interested in Irish unity.

● British policy. Mrs Thatcher's *evident lack of enthusiasm for* Mr Prior's approach has encouraged Unionists' hopes of *integration or majority rule* after the election. Her proving them right would be a boon to *the IRA but would finish the* SDLP.

The consequences of what has happened to the SDLP appear to be sinking in in Dublin, though not yet in London. Few British politicians take an interest in Ulster and those who do are either hostile to the SDLP or believe that if it collapsed, a new party would quickly spring up to take its place.

It is a measure of the alarm felt in Dublin that the three main parties—Fine Gael, its coalition partner the Irish Labour Party and Fianna Fail—have consented to sit down together with the SDLP and produce some form of blueprint for a new Ireland.

They are now committed to constructing something that will impress on British public opinion that they mean business. For the Forum is widely seen as the SDLP's last chance—indeed even that may be too little too late if the party does badly in the election—and any Irish party playing a wrecking role would not be readily forgiven by the Southern electorate.

The idea behind the Forum is that all the political parties, *North and South, who aspire to* the reunification of Ireland should get together for the first time since partition in 1922 and define what they mean by it. It will require them to take into account, as they have never had to do before, the Unionist position and to spell out how far they are prepared to go to accommodate it.

If the South has been bluffing *for the past 60 years and, as* many suspect and some admit openly, is more interested in *clinging to romantic aspirations* than paying the price of realising them, that bluff has been called.

At this stage it looks as though the Forum could go one of three ways. The most successful, in Nationalist terms, would be an all-party agreement on new constitutional arrangements which offered the Unionists a settlement so transparently reasonable and generous that the British would grow impatient if the unionists refuse to acknowledge it as even a *basis* for further discussion.

Preliminary ideas in this direction, include the establishment of Northern Ireland as a semi-autonomous state in a Federal Ireland with majority rule in the North and some form of power sharing for the Unionists in the Dublin Government, or even a form of shared sovereignty in the North *which would allow the British* Government to block any decisions taken by Dublin which *the Unionists considered* a threat to their vital interests. At this stage, none of the *Southern parties rules out any* of these ideas.

But there is no evidence that *the Southern electorate, or* significantly, the Roman Catholic Church, would accept such terms, particularly the matter of continuing British sovereignty, with Ireland.

Nor is there any evidence that Britain would be prepared, however reasonable and generous the offer, to do more than stand back and let the Unionists make up their own minds. The Unionists do not appear remotely interested in the exercise.

The second option, which would also be a success as far as the SDLP is concerned, would be the construction of an offer so obviously unreasonable and unacceptable to the Unionists as to constitute a *de facto* declaration that the South is not interested in a settlement. The SDLP would then be on their own and would have to relinquish all hopes of reunification, turning back to negotiate with Britain and the Unionists the best deal they could get.

But the Loyalists often-repeated fears of domination by the South would be exposed as hollow and the negotiations could proceed on a more realistic basis than ever before.

However even such an indirect admission that reunification is no longer feasible would be hard for some Nationalists to forgive and if the terms are to be ungenerous, Southern parties will be extremely reluctant to spell them out.

So the danger for the SDLP is that Southern leaders will go for the soft option—a blueprint or range of options so vague and non-committal that neither the Unionists nor the British would feel obliged to respond at all. It is already apparent that the Irish Prime Minister, Dr Garrett FitzGerald and the Leader of the Opposition, Mr Charles Haughey, are approaching the forum with deep, possibly irreconcilable differences. So it will stretch the not inconsiderable political skills *of Mr John Hume,* the SDLP leader, to stop them from fudging.

For the moment, and until some months after the British general election, the ball will stay in Ireland's court. However, if the Irish parties emerge from the Forum with a credible proposal for a new Ireland, the British Government of the day will almost certainly have to take account of it. The possibility of four years uninterrupted by general elections in Dublin or London could provide an unprecedented opportunity for the two governments to arrive at a settlement and make it stick.

Whatever the outcome of the British election, there will almost certainly have to be some reappraisal of policy on Northern Ireland.

If the Southern parties demonstrate a genuine readiness to question the basic assumptions of their past policies towards the North, a British Government just might—with a little push from Brussels and Washington—be encouraged to do the same.

The more hardline nationalists, including much of Fianna Fail and the SDLP, contend that the Unionists will never consent to talks unless Britain signals an intention to withdraw from the province. Another strand of Nationalist opinion, including Fine Gael, appears to believe that the Unionists will be susceptible to reason if the terms are right and if, possibly over a long period, their fears can be allayed.

Successive British Governments have ruled out all thought not only of coercion but also of persuasion on the grounds that even the slightest pressure on the Unionists is likely to convert them into a block of unmanageable Loyalist extremists.

All these assumptions are at least questionable. The immediate survival of political life in Northern Ireland may now depend on the readiness of London and Dublin, together, to question them.

Macroeconomic theory

Cambridge Keynesianism fights back

By Wynne Godley

MACROECONOMICS is in a state of deep confusion. The profession is deeply divided. So far from there being any body of knowledge which is generally accepted, almost every proposition is extremely contentious. *Public* discussion of economic policy has no coherent rationale and governments, notwithstanding their emphatic rhetoric, cannot give a credible explanation of how their policies will not achieve the results they seek, nor have they any basis for negotiation with one another.

The confusion and division *among professionals* has meant, not surprisingly, that lay commentators have arrogated *greater freedom* than before to take extremely strong positions on very difficult questions such as what determines employment, inflation and productivity.

For years I have been working with other members of the Cambridge Economic Policy Group on the strategic problems facing the economy. But it became increasingly clear in the 1970s that our own empirical work had insecure theoretical foundations.

We found, in particular, that there *was substance in the monetarist* criticism that financial variables could not be satisfac*torily incorporated* into the standard Keynesian model and that equilibruim of financial *"stock" variables should* be substituted for the traditional Keynesian flow equilibrium at the *heart of the system. The source* of the difficulty lies, I believe, in Keynes' own work because *he made aggregate income* equalise savings and investment *flows* through the famous multi*plier,* while treating the stock of money as exogenous.

Somewhere Keynes knew that the *long* run properties of this model were internally inconsistent but in the time available he only papered over the cracks with his most famous aphorism (about being dead in the long run).

Nemesis came 30 years later when, under attack from the monetarists, many Keynesians (including myself) couldn't pin down exactly how the stock of money fitted into the scheme of things and feebly took refuge in the notion that money "didn't *matter" because the velocity of* its circulation is flexible.

Yet the monetarist critique itself was incomplete, concentrating on an arbitrarily limited class of financial assets and unable to explain coherently how the aggregate income flow is determined by the money stock.

Our first attempts to deal with these problems consisted of the so-called "new Cambridge" equation — which hinged on the idea that the private sector's net acquisition of financial assets was likely to be small and predictable. But this never gained acceptance with the profession because the first version contained an important error and the relationships were in any case too crudely conceived and presented. In our new book* we suggest a far more comprehen*sive resolution of the conflict.*

Keynes knew the long-run properties of his model were internally inconsistent

We start by setting out a logical framework where even in the simplest case the relationship between flows (like income and expenditure) are invariably seen *simultaneously* with the changes in stock variables which these relationships necessarily imply. The logic of such a complete system led us quickly to the conclusion that in the abstract world of the General Theory, where there is a closed economy and no fiscal system, the aggregate incomes flow does not, as Keynes thought, equalise savings with investment but the demand for financial assets with the supply of credit (albeit through a Keynesian multiplier process).

Thus far our model has "monetarist" features. But the introduction of a fiscal system, which was not part of Keynes' own theory, completely alters the preliminary result. We have shown how the national income flow for a closed economy is uniquely determined by fiscal policy, so long as fiscal and monetary targets are not *set and adhered to independently of one another.* These results do not derive from any partisan view about behaviour. They are implied *logically* by any complete accounting system taken in conjunction with a small number of quite weak and uncontroversial assumptions about stock flow norms. We show, moreover, that these purely logical relationships pin down the time sequences of the way whole economic systems must function in a way which has strong implications for *empirical model building.*

Another major section in our book concerns the conditions under which monetary processes determine real demand and output and also, by implication, employment. Keynes himself sidestepped this question by denominating output in terms of wage units, and this is one of the reasons why the Keynesian claim that it was *possible* for governments to determine employment has proved so vulnerable. We have *been able* to use our logical framework to set out the conditions which have to be satis*fied if all macro-economic* relationships are to be "inflation neutral"—*if, to put it crudely, the determination of* real expenditure and output are to have a life of their own independent of *the rate of* inflation.

To the extent that the conditions for inflation neutrality are satisfied, an empirical matter, we shall be well on the way to re-establishing the quintessential Keynesian position as perceived by policymakers through the 1950s and 1960s when economic performance throughout the developed world was more consistently successful than in any other period of history. More precisely we shall show how the fiscal policy stance, properly defined in inflation accounted terms, together with a country's foreign trade performance, would uniquely determine the evolution of its real output and employment.

** Macroeconomics by Wynne Godley and Francis Cripps, published this week by Fontana at £3.95.*

The author is Professor of Applied Economics at Cambridge University.

Letters to the Editor

Ravenscraig and U.S. Steel—an unworkable deal

From the General Secretary, Iron & Steel Trades Confederation

Sir,—In your attempt (Leader, May 9) to make a case for the proposed Ravenscraig-U.S. Steel deal you call it "distinctly odd" at first sight. It is a great deal odder than you say, for a spanking modern Scottish works is to be cleft in half in the interests of U.S. Steel. This same company (a) forced through protectionist measures against EEC (and especially British) steel (b) still has open hearth steelmaking which ceased in this country in December 1979 (c) proposes to take British Steel Corporation cash (taxpayers' money as we are so often reminded) and spread it across its other plants to modernise them and (d) is getting out of steel as fast as it can, notably by buying up large chunks of Marathon Oil.

In view of these factors U.S. Steel's enthusiasm is not hard to understand but your reasoning *as* well *as* that of BSC is more elusive. You talk of "surplus steel capacity": 47.5 *per cent of EEC cuts in the last* three years have been made by Britain. How much more do you want?

Ravenscraig, like the other two *strip plants, is working flat* out, thus refuting your assertion that "there is no reasonable prospect of selling *anything like* the full amount of finished steel that Ravenscraig is capable of producing." Better still, read your own front page of May 9 with its references to rising steel demand. You challenge critics of the deal to suggest alternative outlets for 3m tonnes of steel: I challenge you to show how a further 3m tonnes of semi-finished steel can be set free without closing down yet more finishing works perhaps at a further cost of 1,000 to 2,000 jobs. They will be the additional cost of this unworkable deal.

If Ravenscraig's quality is "consistent" *as* you concede, it will find plenty of buyers other than U.S. Steel as it does now. And where is the evidence that a £100m saving would arise from Ravenscraig closure? This unsubstantiated assertion from Mr MacGregor is repeated unquestioningly by you, as is the legend of its distance from the coast which is no greater than that of the majority of British plants.

You promise security to the 2,800 Ravenscraig workers who (you say — the actual figure is *lower) would remain* after the deal: most of the 175,000 British *steelworkers sacked in recent* years had the same promise made. You write of better loading at other BSC *plants*; where is the proof that customers will accept being passed round in *this way?* The other four *plants* you refer to could not all make Ravenscraig steel: BSC has only three strip *mills.* You refer to BSC as "Europe's most heavily subsidised steel producer": this *statement has* no factual base but it does appear in the anti-dumping charges drawn up last year by . . . U.S. Steel!

Let us call a spade a spade. The rump of the British steel industry is being sacrificed for the American one just as the rest has been sacrificed to ease conditions in other EEC countries. This ludicrous deal will go the way of other BSC ventures into international holdings, like its Fire Lake acquisition in Canada which cost it £24m last year. When it comes to sales outlets, BSC sold these which were making £20m profits. You ought to write another leader putting all the facts and not just those congenial to Messrs MacGregor and Roderick: they will speak for themselves in favour of retaining Ravenscraig to provide a full range of products for British industry.

W. Sirs,
324 Gray's Inn Road, WC1.

Tastefully furnished

From the Director, London House for Overseas Graduates

Sir,—Your diarist (Men and Matters, May 3) makes several mistakes in his amusing reflections upon the prospect of diplomats having to cope with their own problems of plumbing and household maintenance: one is to suppose that there is anything new in that; another is to suggest that Washington, Paris, etc are typical of the problem.

In our 30 years service overseas my wife and I, like most of our colleagues, became thoroughly acquainted with the vagaries of plumbing, drains, and *electric wiring* in various parts of the world (in our case the Middle East and Balkans). Once or twice there was a *Ministry* of Works man about the place but his responsibilities did not extend to rented staff accommodation, which is where most diplomats are housed during most of their service.

Another misconception is that "the best of British design" is an innovation: it has always *been the principle which has* guided the furnishing of embassies. It used to mean Chip*pendale, Sheraton,* Hepplewhite etc. In the late 1950s that was amended to "the best of con*temporary* British design," with some peculiar results. The best of the 1950s can look very odd in the 1970s or 1980s, as well as being out of production when replacements are needed. Mr Cornforth's problem will be what to do about the "taste" of two decades of his Public Services Agency predecessors.

(Sir) John Wilton.
London House,
Mecklenburgh Square, WC1.

Rationalising machine tools

From Mr W. Latey

Sir,—I was interested to note (April 23) that Lazard Brothers proposes to offer a rationalisation scheme for the machine tool sector, similar to that carried out in the ferrous foundry industry.

Under such a scheme, those *firms that stay in business* would be expected to pay a *turnover levy of 2 per cent to* compensate those that leave. In exchange, those remaining *would expect to get a share of* the orders that would have gone to the firms that had opted out *of business. Some firms will* thus be able to throw in the towel in comfort.

Those captains of the machine tool industry who would like to stay in business should pause before they scramble aboard this particular lifeboat; for any percentage levy on their turnover represents a higher percentage addition to their costs.

The danger is that unless Lazard can arrange a miracle, that is to persuade foreign producers to pay the levy, the lifeboat will sink under the weight of British firms who have been unable to pass on this "tax" to customers in any market. Until such schemes have been properly researched, those keen to see a machine *tool industry* left in the UK must work to ensure that Government encouragement and/or *funding is withheld.*

William Latey,
32c Aynhoe Road, W14.

Non-executive directors

From Mr M. Batley

Sir,—There have been frequent references in your columns to the importance of non-executive directors and especially their significance as *shareholder watchdogs.*

At the Turner and Newall AGM the new chairman was asked twice whether the non-executive directors had initiated steps to change the chairmanship or played a dominant role in achieving the change. He declined to answer.

How can shareholders judge the quality of such directors without knowing the steps they are prepared to take in critical situations? There was no intention to hinder the new chairman in his onerous duties.

M. Batley.
5, Charlestown Road West,
Davenport, Stockport,
Cheshire.

The only real casualty

From Mr M. Grass

Sir,—My former colleagues at the English Institute of Chartered Accountants will be greatly reassured by Mr Warne's comment on my recent article in The Accounting Bulletin (Men and Matters, May 5) that I have been "the only real casualty" of the reorganisation.

As the moral custodian of the Institute's motto ("Recte Numerare"), its secretary has, *no doubt, completed counting* the rolling heads and I am glad to know that there will be no *other casualties among the staff* —real or otherwise.

Martin Grass.
31 Antrim Mansions,
Belsize Park, NW3.

They've got their marbles in Japan

From Mr M. Baker-Bates

Sir,—Hiram Codd's wallop *(Men and Matters, April 27) is* still going strong in Japan. Soft drinks in bottles with marbles in the mouth to keep in the fizz are particularly popular at summer festivals. The concoction inside, known as "ramunay," is obviously a descendant of Mr Codd's bottled lemonade.

M. S. Baker-Bates.
36-4 Kamiyama-cho,
Shibuya Ku Tokyo.

FINANCIAL TIMES

Wednesday May 11 1983

Agip and Neste in Saudi accord

By James Buxton in Rome

SAUDI ARABIA yesterday signed an agreement with Agip, the Italian state oil company, and the Finnish concern Neste for the preparation of a feasibility study on the building of a speciality chemical plant in the country.

The agreement, signed in Riyadh by the state-owned Saudi Arabian Basic Industries Corporation (SABIC) comes as Saudi Arabia is slowing down and slightly scaling back its ambitious plans for oil refineries and chemical plants.

The plant would produce 500,000 *tonnes of MBTE (Methyl Tertiary* Butyl Ether), an additive for petrol which can be used instead of lead. It would also produce 124,000 tons of butadiene and 80,000 tons of butane-1.

The feasibility study will cover both the economic and engineering aspects of the project. The site has not yet been chosen and it is not expected that the project will go ahead until 1986.

Nevertheless the signing of the agreement of the study is an important breakthrough for Agip, which has long wanted to become involved *in the development of* the Saudi downstream industries.

It has been hampered since late 1979, however, by the strained relations between its parent company ENI and Petromin, the Saudi state oil company, after an Italian scandal over commission paid on an oil supply contract.

Relations have gradually been mended, and last November, Agip signed a long-term oil supply contract with Petromin.

Apart from MBTE, which has obvious attractions when western European countries are moving towards the banning of lead in petrol, butadiene is used to make synthetic rubber and butane will be used as a raw material in the Sabic plants which produced polyethylene.

The first Saudi petrochemical plants recently came on stream and others are due to start up in 1985.

Last December Dow Chemicals of *the U.S. withdrew from a 50-50 joint* venture with Sabic in petrochemicals, but Sabic is going ahead with the project alone, on a smaller scale. The completion time on other *projects are in some cases being* put back.

Policy switch 'needed to sustain world recovery'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

A RECOVERY of the world economy is likely to be so fragile and anaemic that a switch to more reflationary policies will be needed, the influential Group of 30 internation*al experts said yesterday.*

The group, chaired by Dr Johannes Witteveen, former managing director of the International Monetary Fund (IMF), includes *prominent central bankers, indus*trialists and economists from the major countries, and meets regularly to discuss international monetary policies.

The need for concerted international reflation in the short term *was agreed informally at a recent* meeting of the group in Tokyo and presented yesterday in London by Dr Witteveen.

Dr Witteveen said that without *some change of policy by major in*dustrial powers – or a stroke of global good fortune – there was a risk that the present recovery would come to "an untimely end."

He said he was summarising a strong consensus reached by the Group, though he was not necessarily speaking for all the members.

He identified several reasons why the present recovery was likely to be weaker than that following previous recessions:

- The financial position of the corporate sector had deteriorated so much that the pace of fixed invest*ment was not expected to recover* until next year and then only slowly;
- There was little sign yet of the long-awaited decline in real interest rates;
- The balance of payments and *debt difficulties of* Third World countries would remain acute, and their adjustment measures would have a deflationary impact on the world economy.

*Dr Witteveen said that in the me*dium term it was essential that governments – particularly the U.S. – reduced their budget deficits to allow interest rates to fall. Until deficits were reduced, the underlying scarcity of world savings would keep real interest rates above their historic level of about 2½ per cent.

In the shorter term, however, countries with a balance of payments surplus which had succeeded in reducing their inflation rates should take some action to stimulate world demand.

With oil prices falling and unem*ployment high, he thought there* would be little risk that this would restimulate inflation.

In answer to questions, Dr Witteveen said he thought the UK, West Germany and Japan might be countries which could relax policies. *However, he did not see a great* prospect for agreement on co-ordinated reflationary policies at the Williamsburg economic summit meeting.

The Japanese Government has so far shown little inclination to become the locomotive for world recovery, and Sir Geoffrey Howe, the UK Chanchellor of the Exchequer, has specifically rejected the role.

Paris talks on FFr 15bn Iraq debts to French contractors

BY PAUL BETTS IN PARIS

FRANCE is negotiating with Iraq over big payments the war-torn Middle East oil producer owes French civil and defence contractors.

Mr Tarek Aziz, the Deputy Prime Minister and Foreign Secretary of Iraq, is holding discussions in Paris *this week with French Cabinet Min*isters over payments which may involve FFr 15bn ($2bn) owed to French companies.

About FFr 5bn is believed to involve French civil contracts, with the balance made up of military sales. France, after the Soviet *Union, is Iraq's largest arms suppli*er and has sold the country FFr 27.5bn of military equipment in the last two years.

The Iraqi Deputy Prime Minister held talks during the past 24 hours with M Claude Cheysson, the French External Affairs Minister, and is also to meet M Charles Hernu, the French Defence Minister and M Jacques Delors, the Economic and Finance Minister.

But diplomatic sources in Paris *said they did not expect a new arms* package to be negotiated at this stage.

Iraq has traditionally been a good client of France and a prompt payer. Recently, however, it has found increasing difficulty in meeting commitments because of the financial consequences of its protracted war with Iran.

French companies have become increasingly worried about Iraq's solvency – the Bouygues construction group disclosed that Iraq had ceased to make payments due under existing contracts since the beginning of this year.

French companies are also un*derstood to be asking for special* premiums to be added to their original contracts to cover what they claim are extra costs caused by the Iraq-Iran war.

France has sided with Iraq in the conflict. The Iraqi Deputy Prime Minsiter is thus seeking to win French Government support over what it regards as temporary payment difficulties.

One intriguing solution to the problem is believed to involve Saudi Arabia, which has also sided with Iraq in the war. The idea is for Saudi Arabia to advance the Iraqi payments by supplying France with additional Saudi crude oil.

The timing of Mr Aziz's visit to Paris may not be wholly coincidental. The Saudi Arabian Defence Minister, Prince Sultan Ben Abdel *Aziz, is due to arrive in Paris today* for talks with President François Mitterrand, Mr Caspar Weinberger, the U.S. Defence Secretary, who arrived in Paris yesterday, and M Hernu.

Although diplomats in Paris said it was unlikely that the visits of the *two Arab officials were linked*, Iraq is clearly seeking as much support as possible.

The discussions between Mr Weinberger and the Saudi Minister are being described as part of the regular consultations between the two countries since the defence co-ordinating committee between the U.S. and Saudi Arabia was established last year.

But with Mr George Shultz, the U.S. Secretary of State, in Paris for the Organisation for Economic Co-operation and Development (OECD) council meeting, there has been speculation that the talks would inevitably touch on the Lebanese problem and Syria's current *role in the latest* U.S. peace plan. Since Damascus has boycotted Iraq and blocked the flow of Iraqi oil through one pipeline crossing Syria, any discussions on the latest Lebanese peace plan would clearly also interest Iraq.

Former Rumasa chief sought

By David White in Madrid

A MADRID Magistrate yesterday issued a warrant to bring Sr José Maria Ruiz-Mateos, former head of the Rumasa banking and industrial group, to testify in hearings here after two unsuccessful summonses.

The move, by judge Luis Lerga, was announced after Sr Ruiz-Mateos failed to arrive from London for a late-morning appointment with the magistrates court, which is examining the Government's case for criminal prosecution over Rumasa's *former business methods.*

It was the second time he had failed to appear, after a first summons requesting him to testify on May 5. Sr Ruiz-Mateos's lawyers were *claiming yesterday that they* were prevented from bringing documentary evidence to show why Sr Ruiz-Mateos could not currently leave London.

Special prosecutors appointed to the Rumasa case said that it had not yet been determined whether other persons were authorised to appear on Sr Ruiz-Mateos's behalf.

The issue of the warrant coincided with the opening of a parliamentary session due to give final approval of the measure, announced in February, expropriating *18 banks and more than 200 compa*nies belonging to the Rumasa holding unit, which was owned by Sr Ruiz-Mateos and his family.

The state prosecutor's office is *calling for criminal charges against* the former chairman on several grounds, including alleged currency and tax offences and falsification of documents. The case is expected to *continue in the absence of the for*mer Rumasa chairman.

In the event of an indictment a further warrant would be issued for Sr Ruiz-Mateos to be remanded in custody, legal sources said. If Sr Ruiz-Mateos remained abroad, the judicial authorities would then apply to the Government to initiate extradition procedures, even though no extradition agreement is in force between Spain and the UK.

Meanwhile, the Spanish Government is awaiting a High Court decision in the UK on ownership of British *companies which it claims* were paid for out of the funds of Rumasa banks.

Feature, Page 16

West German pay talks go to mediation

By Jonathan Carr in Bonn

A STRIKE in West Germany's public-services sector moved a step closer yesterday when negotiators failed to agree on a new wage deal for this year.

Despite a final marathon session of talks lasting around 20 hours, the gap between the employers, offering a rise of just over 2 per cent, *and the unions, wanting close to* 5 per cent, remained wide.

The dispute now goes to mediation, during which no formal strike is permitted. Tram drivers, refuse collectors and other public-service workers, however, have staged sporadic stoppages during the past few days to back their pay claim.

So far a major strike has been avoided in this year's wages round, with most sectors – including the key metalworkers' union – *settling* for rises of aroung 3 per cent. However, the public services' difficulties are not unexpected.

The Bonn Government, which leads the employers' team, has taken a tough line from the start to emphasise *its commitment to* budgetary stringency. Further, there are new leaders to the negotiating teams on both sides.

UK shares dip as poll nears

Continued from Page 1

Varley, the Shadow Employment Secretary, said unemployment figures would rise dramatically in the summer.

Mr Tebbit, he said, would be the first Employment Secretary since the Second World War to reduce the number of people in work during his term of office.

The Commons gave an unopposed passage to five Bills. The most important was the Importation of *Milk Bill*, which would permit new regulations to control imports of ultra-heat-treated milk (UHT) from the EEC.

The Bill, introduced after the European Court ruled in February against Britain's strict curbs on UHT, was not opposed by Labour.

The Bill was regarded as urgent because the absence of any legislation could have meant unrestricted access to the British market for UHT products.

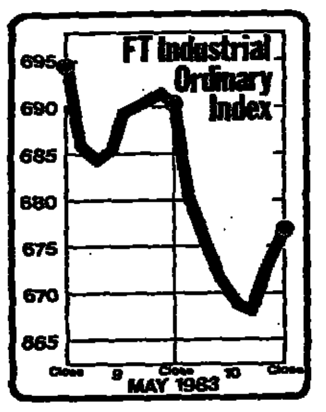
THE LEX COLUMN

Jobbers in the firing line

For a believer in the indivisibility *of markets, yesterday's movement* in equities and gilt-edged presented something of a puzzle. While the equity market plunged at the prospect of the campaign trail uncertainties, *Government* securities hardly budged – in spite of the poor news on the money supply front. One explanation is that the highly-valued equity market is now seen as a one-way downward bet on the election outcome, while gilt-edged retain the *potential for further gains if* the Tories win. On the other hand, the strong volume on the *Liffe* gilt-edged contract yesterday may indicate the build-up of strongly opposed positions and hint at volatility to come here.

Yesterday's sharp movement in *equities too seems to be more an in*dicator of the market's volatility than its direction. The jobbers have been trying to keep as much stock off their books as possible, and with *few* buyers there were large markdowns. But the All-Share has been *moving downward for the unusual*ly long unbroken spell of eight days, and is now some 6 per cent below its peak level. In a market ruled by political emotion, the next *move could as well be sharply* upward as down, depending on the opinion poll diet.

While the money supply estimate has been thoroughly leaked, an outcome approaching 2 per cent undermines the official *explanations* of the PSBR over-run as simple expenditure switching over a two-month period. If the picture is confirmed in today's CGBR figures, the assumptions *underlying this year's* £8.2bn PSBR target will be called into question. On that basis, it is dif*ficult to see* a base rate cut in the coming month, in spite of the remarks of the next Governor of the Bank of England. But few investors are going to start to worry about *the corrective action that may* be taken by the next Chancellor before they know who he is.



Sears

After merely holding firm against recessionary pressures in the first half, Sears Holdings has subsequently shown how to turn defence into attack once the market turned *in its favour. Higher demand* began to materialise on the retailing side around last November, and, with a turnaround into profits in the engineering division and a return to *form in* the offices, pre-tax profits for the year to January emerged 9 per cent up at £113.5m.

Adjusting for a lower contribution from property and investment *disposals, the underlying trading* upturn amounted to more than 10 per cent, with the laureis going to department stores – Selfridges made £13m against £10.5m – and the Vauxhall-oriented motor vehicle division. Footwear was hit by a severe £2.6m downturn at Butler shoe in the U.S., but a touch of extra UK volume in the second half and the *restoration of margins* through price rises of about 4 per cent, held the trading profit at £64.3m, only £1.3m down on 1981.

Sears' cash pile grew by another *£17m last year to £110m*, while the virtually ungeared balance sheet was given an even more impregnable look by a property revaluation adding £119m to reserves. But even without an acquisition, Sears looks to be heading into a healthy trading period. Additional depreciation after the revaluation will be more than cancelled out by the reduction in National Insurance contributions, and profits of around £128m should be in reach, giving a *modest 13 times prospective* multiple fully-taxed at last night's share price of 92p.

Commercial Union

Commercial Union's first-quarter results, showing profits of £14m against losses of £1.7m, have benefited from a very much less severe winter this year than last. Personal property claims in the U.S., above all, have fallen from 86.7 to 64.6 per *cent of premiums written*. But sunny skies are still a long way off in most other respects.

Inadequate rates have eliminated most of the mild weather bonus in the UK – *where underwriting losses* of £12m compare with £14.1m in 1982 which included £10m attributed to the weather – and have kept the U.S. operating ratio at 114.3 per cent, still four points or so above the U.S. industry average.

Sterling's decline against the dollar at the same time has overshadowed an improved U.S. expenses ratio, leaving Commercial Union with U.S. pre-tax losses up from £11.1m to £13.9m.

Only in Canada has the group achieved real gains despite the currency factor. Rate increases and an enormously improved claims experience on the motor account as well as personal property have cut underwriting losses here from £7.5m to £1.3m.

The underlying rate of growth in investment income has slowed to about 7 per cent, though sterling's weakness has exaggerated this while similarly inflating a subdued level of premiums growth. Pre-tax profits of about £65m still look possible for 1983 and the shares at 160p have risen 24p since the 1982 preliminary results. But the yield at 10.6 per cent remains way *out of line*.

Costain

Costain's decision in 1981 to sell a 10 per cent interest in its Australian Warkworth coal venture proves to have been a prudent step, realising A$14m ($9.45m) *in 1982 to cope with* the cash drain from all the group's problems down under in what has been a horrid year.

The accounting treatment of the *sale* suggests, *however, that too* much involvement with the devious world of Australian labour relations – responsible for many of those problems – has had a bad influence on Costain's management.

The £8.7m profit on the sale belongs below the line, where it prop*erly resided in the interim results* before being moved up to reinforce yesterday's reported pre-tax figure of £40.4m.

Nor should there be anything ex*ceptional about the £5.9m losses in*curred on problematic construction contracts – that is the nature of Costain's business, which has earned true pre-tax profits of £31.7m against £48m.

Costain can reasonably hope to eliminate these losses in the current year and losses of £2.9m from its Canadian associate. But a major contribution from international dredging operations is waning fast and 1983 pre-tax profits are unlike*ly to much exceed £40m.*

Sun Banks drops its offer for Flagship

BY OUR FINANCIAL STAFF

SUN BANKS of Orlando, Florida yesterday withdrew its $290m bid for Flagship Banks of Miami, which would have created the biggest banking group in Florida.

Sun Banks said that Flagship had requested *changes in the terms of* the bid, which Sun found unacceptable. Flagship had said on Monday that the bid was inadequate, but it would be willing to continue talks.

The Orlando bank had offered either cash or common stock for Flagship's 9.47m shares, in a complicated deal the value of which depends on the market price of Sun Banks shares.

Mr Vincente Perez, a Venezuelan *who holds 9.9 per cent of Flagship's* shares, had told Sun Banks that he supported the bid.

- William Hall in New York reports: First National Bank of Midland, a small Texas bank which has run into serious problems in energy *lending, is seeking a $40m* capital injection and has arranged a $250m stand-by credit line with other Texas banks.

First National Bank of Midland, which has assets of $1.8bn, is the latest in a series of banks which have *run into difficulties with lend*ing to small U.S. oil companies. The problems first surfaced last summer when the the Penn Square Bank of Oklahoma City failed. It had parcelled out many of its loans to bigger banks such as Continental Illinois, Chase Manhattan Bank and Seafirst Corporation. The problems associated with the Penn Square loans and *other* energy related lending were the main reason why Seafirst Corporation had to agree to a $400m rescue from Bank America Corporation last month.

So far, the problems of First Na*tional Bank of Midland* have been much more localised than was the case with Penn Square. Although it was a very fast growing bank it does not appear to *have* based its growth on selling participations in its loans to bigger banks elsewhere *in the U.S.*

Last year, the bank increased its loan loss provisions fivefold to $50m *and avoided reporting* a *significant* loss by selling off its headquarters. It has not revealed the size of its non-performing loans but has said they are in excess of $100m. It expects that its first quarter 1983 earnings will be eliminated by another increase in its loan loss provisions.

Under the plan to raise $40m of new capital, the directors will guarantee the sale of stock and debt.

AEG hopes to get near break-even

BY JOHN DAVIES IN FRANKFURT

AEG-TELEFUNKEN, the West German electrical concern, hopes to approach the break-even point this year after suffering an operating loss of DM 932m ($382) last year.

Herr Heinz Dürr, the chief executive, *said yesterday that he* expected investment goods production to make a profit although household consumer goods and especially the Olympia office equipment subsidiary would remain in the red.

He said that major restructuring measures undertaken to save the company were being carried out according to plan and would be completed next year.

As part of AEG-Telefunken's rescue operation, creditors recently agreed in a court-supervised settle*ment to write off 60 per cent of their* loans of DM 5.9bn.

The company has disposed of a number of operations, including much communications business and *more* recently a 75 per cent stake in its Telefunken radio and TV subsidiary. At the same time it has drastically reduced the number of its employees.

Herr Dürr said that the company had left the depths of the trough in*to which it had sunk* and was on an upward trend, although the way ahead was stony. He refused to be drawn on whether an approach to

Herr Heinz Dürr

breaking even this year meant a loss in single or double figures.

The operating loss of DM 932m last year was more than double the DM 430m loss in 1981.

The biggest losses last year came from consumer electronics, house*hold consumer goods and office* equipment, although the company would spell out no details.

AEG-Telefunken's sales revenue was DM 13.5bn, which on a comparable basis – taking account of disposals of business – amounted to an increase of 1 per cent on the previous year.

Herr Duerr said that this year had begun satisfactorily.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	20	68	Dubrovnik	S	18	64	Malaga	F	25	77	Salzburg	F	18	64
Akrotiri	C	22	72	Faro	S	21	70	Malta	F	21	70	Seoul	S	26	79
Algiers	S	26	79	Florence	F	21	70	Manila	S	36	97	Singapore	S	31	88
Amsterdam	F	12	54	Frankfurt	R	11	52	Miami	C	26	79	Stockholm	F	15	59
Athens	S	21	70	Funchal	F	20	68	Milan	S	18	64	Strasbourg	R	11	52
Bahrain	S	34	93	Geneva	C	14	57	Moscow	F	14	57	Sydney	S	23	73
Bangkok	S	35	95	Gibraltar	C	20	68	Munich	F	16	61	Taipei	C	30	86
Barcelona	F	17	63	Guernsey	S	16	56	Nairobi	F	25	77	Tangier	–	–	–
Beirut	C	22	72	Helsinki	S	16	61	Naples	F	18	64	Tehran	–	–	–
Belgrade	C	15	59	H. Kong	S	29	84	New Delhi	S	40	104	Tel Aviv	C	26	79
Berlin	C	18	64	Innsbruck	F	18	64	New York	C	14	57	Tenerife	F	21	70
Biarritz	S	14	57	Inverness	F	11	52	Nice	F	18	64	Tokyo	S	24	75
Blackpool	R	9	48	Istanbul	S	22	72	Oporto	F	15	59	Toronto	F	9	48
Bordeaux	C	12	54	Jersey	F	11	52	Oslo	R	12	54	Tunis	F	25	77
Brussels	S	13	55	Jo'burg	S	22	72	Paris	R	10	50	Valencia	F	23	73
Budapest	F	13	[illegible]	Las Palmas	F	21	70	Prague	–	–	–	Venice	F	18	64
[illegible]				[illegible]				Reykjavik	F	10	50	Vienna	S	17	63

Readings at mid-day yesterday.
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Shultz call to Syrians

Continued from Page 1

*following reports in Saudi newspa*pers that the Jordanian monarch and Mr Yassir Arafat, the Palestine Liberation Organization (PLO) chairman, would travel to Riyadh next week *for talks* with Saudi Arabia's King Fahd.

Observers here believe that Jordan has begun a fresh drive to catalyze the peace process in the Middle East and to push the Israeli-Lebanese *draft agreement on troop* withdrawals closer to a successful conclusion.

So far, Jordan and Egypt are the only two Arab countries that have openly welcomed the U.S.-arranged *blueprint for the pullout of foreign* troops from Lebanon.

There have been mixed signals from moderate Saudi Arabia, usually a reliable U.S. friend in the region, on its attitude to the plan. Saudi newspapers have described Mr Shultz's peace-making mission as an American success.

Tension ran high yesterday in eastern Lebanon between the Israelis and Syrian forces entrenched in the Bekaa Valley. A routine Israeli reconnaissance flight over the fertile wine-making valley drew Syrian groundfire for the first time since the Israeli invasion last summer,

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday May 11 1983

Ericsson to raise $230m in U.S.

By David Brown in Stockholm

L. M. ERICSSON, one of the largest companies in Sweden, with sales of SKr 19.5bn ($2.6bn), has announced that it will issue 3.65m shares in the U.S. to raise nearly $230m.

The issue by the telecommunications group is the largest foreign offering ever made in the U.S.

The offer represents a substantial increase from the 2.5m shares issue that the company had previously announced it would make. It will be handled by an American consortium led by Dillon Reed and Morgan Stanley. The underwriters have an option to increase the issue to 4m shares in the event of oversubscription.

The introduction is part of a long-term strategy for expansion on the U.S market, said Mr Fritz Staffas, group finance director. Ericsson is investing heavily in integrated data exchange systems for office automation and business telecommunications. It anticipates the world market will double to between $20bn and $26bn in 1988, with nearly half centred in the U.S.

Group research and development costs in 1982 grew 22 per cent to SKr 1.6bn or 8 per cent of sales. The biggest increases were noted in information systems technology, mobile radio networks, and digital telephone exchanges.

The issue will increase share capital by about 11 per cent. Mr Staffas pointed to a growing need for working capital and noted an increase in the consolidated balance sheet of 14 per cent to SKr 25.5bn last year.

Ericsson had 1982 earnings of SKr 1.3bn ($174m). Sales grew 21 per cent from SKr 16.2bn. About 80 per cent of the group sales were outside Sweden with 10 per cent generated in the U.S.

The B shares will be listed on the over the counter exchange with an offering price of $62.50. This makes Ericsson the second Swedish company on the OTC, the first being Fortia, the biotechnology and pharmaceuticals group.

Expected clearance by the U.S. Securities and Exchange Commission will open the way for closing and payment on May 17.

Wall St set for wave of bank issues

By Our New York Staff

CHEMICAL BANK'S planned offering of 2.75m shares, which could raise $145.75m at the current share price, is the latest and biggest in a new wave of straight equity offerings from U.S. banks.

The New York-based bank, which had assets of $46.4bn at the end of the first quarter and reported a 16 per cent increase in net earnings to $71.5m in the first quarter, said the proceeds of the issue will be added to its general funds.

The issue, the timing and pricing of which have yet to be announced, will be co-lead managed by First Boston, Goldman Sachs, Merrill Lynch and Salomon Brothers.

Several major U.S. banks are thought to be poised to raise substantial amounts of straight equity capital for the first time in several years as a result of the recent surge in stock market prices and the recovery of investor confidence in the U.S. banking system.

Last month two medium-sized banks, Republic New York Corporation and Barnett Bank of Florida, raised a total of $170m through common stock offerings.

This has led Wall Street to expect a surge of such offerings. Until recently most bank shares have been selling at a discount to their book value and they have had to rely on preferred stock and international bond issues to bolster their capital ratios.

Louise Kehoe in San Francisco meets the new president of a booming computer maker

Sculley aims to get the worms out of Apple

"THIS is my dream job. I've never had so much fun in my life," enthused Mr John Sculley, newly-appointed president of Apple Computer, at the end of his first week with the Silicon Valley personal computer manufacturer. "I only wonder why it took me 20 years to find it," he adds.

His excitement about his new $1m a year job is matched by that of Apple's stockholders. The company's share price is up nearly 50 per cent on a year ago. For Mr Sculley, 44 year-old former president of Pepsi-Cola is seen as bringing a much-needed maturity to Apple's young management team.

The appointment represents a major transition for Apple as the company casts off its youthful origins and "grows up" to face the realities of a multi-billion dollar market and head-to-head competition with IBM.

Apple's history is legendary. The company was founded seven years ago by two young computer wizards, Mr Steven Jobs, now 28 and chairman of Apple Computer, and Steven Wozniak, 33, who has since left the company.

They began by building hobbyist microcomputers in a rented garage. They were joined by Mr Mike Markkula who put up $91,000 to get the company started, and Apple's sales exploded.

Apple is expected to have sales of nearly $1bn in the year ending in September.

The task facing Mr Sculley is to keep Apple's success formula intact, while making strategic changes to dig out the "worms," that have become visible in its organisation and products.

He puts a strong emphasis on growth. "If Apple had wanted to become a $2bn company they could have done it internally – just from momentum." But Mr Sculley has much bigger numbers in mind. "We want to do this in a way that may never have been done before in corporate America," he says. "We want to preserve the entrepreneurial spirit that has made Apple the success that it is."

Part of the spirit of Apple is the lure of fortunes. No fewer than 35 Apple employees have become millionaires and remain working for the company. Steve Jobs is estimated to have a net worth of $375m from his 13 per cent holding in the company.

"I am not going to impose structures – layers and layers of management – on this company," Mr Sculley says. "I've seen too many high-growth companies turned into vanilla companies by structured management. We will substitute team work and discipline for structures," he explains.

For Apple, "discipline" will mean assuring that common goals are shared across different departments, making sure that there is support between different products so that they do not move in different directions, and clarifying what the company is up to, says Mr Sculley. His points address Apple's problems.

Despite its success, Apple is still basically a one-product company. The Apple II, a five-year-old product, and its recently introduced update, the IIE, are Apple's major revenue generators. The Apple II is, however, facing increasing competition from both lower priced home computers and higher performance small business machines. "We must keep the Apple II vital," Mr Sculley says. He promises a family of products based on the Apple II that are compatible. Among the new Apple II versions is expected to be a portable computer.

Apple's second product, called the Apple III, has not enjoyed the success of the II. Apple continues to defend the III – "it is the third most successful personal computer in the world," Mr Sculley claims. There have, however, been rumours that Apple will eventually drop the Apple III, or transfer its name to a new machine.

A major problem facing Apple is the incompatibility of its products. Programs designed for an Apple II will not run on an Apple III or Apple Lisa. In practice, this means that the 1m Apple II users are not offered a growth path to upgrade to a higher performance Apple machine.

Mr Sculley promises that this will be put right. "We must develop a family of compatible machines," he says. Mr Sculley says of Lisa, Apple's new $10,000 personal computer, which cost the company $50m to develop, "Our challenge is to take the Lisa technology and turn that into a family of products that will have the kind of impact on the market the Apple II did."

His remarks are believed to herald the introduction of the Apple Macintosh computer, expected in September (though some analysts expect Mr Sculley to delay the new machine). Macintosh is believed to be the pet project of the Apple chairman, and is said to be a $2,000 to $3,000 machine that incorporates much of the innovative technology first seen on the Lisa.

Much of the new "discipline" that Mr Sculley plans to impose at Apple is expected to be directed at sorting out an internal feud between those responsible for the Lisa and the Macintosh development group. All of Apple's competition will be coming from outside in the future, Mr Sculley said.

Having sorted out Apple's internal politics, he is ready to face its major challenger in the computer market – IBM, 40 times bigger than Apple.

Despite Mr Sculley's direct style and obvious grasp of Apple's immediate problems, there is some scepticism as to whether this middle-aged executive will be able to adapt to Apple's "laid back" West-Coast style and to its computer technology.

He is keen to allay such concerns by offering opinions on the relative merits of 16-bit and 32-bit architecture microcomputers, and by applauding the "brilliance" of Apple chairman Mr Jobs at his first public appearance.

Iberduero earnings decline by 30%

By David White in Madrid

THE PROBLEMS of Spain's electrical utilities under the weight of close to $10bn worth of mostly foreign-currency debt have been highlighted by the 1982 results of the largest company in the industry, the privately-owned Iberduero.

The company, which supplies electricity to a large area of northern and western Spain, reported a 30 per cent fall in net profits to Pta 12.55bn ($92m) and cut its dividend from 10 per cent to 7.5 per cent.

Sr Carlos Solchaga, the Industry and Energy Minister, welcomed the dividend cut as "realistic" and expressed the hope that other utilities would also break with their rigid payout policy.

Iberduero's setback followed low rainfall and a reduction in its hydroelectric generating capacity, reckoned to have increased its total production costs by Pta 13bn over those of a normal year, and the paralysis of the nuclear project at Lemoniz in the Basque country after attacks by the ETA terrorist organisation.

The uncompleted plant, one of Spain's largest, is under direct state management, and Sr Solchaga said it could not be expected to go into operation before late 1986 or early 1987.

The Government has promised to improve the current system of uniform fixed electricity prices to give the companies a fair deal.

The promise comes as part of its agreement with the six top electrical utilities on the state takeover of the high-tension grid, the only nationalisation foreseen by the Socialist party in their election programme last year.

The utilities operate a forfeit system amongst themselves, under which compensation is made for varying production costs according to the source of electrical power.

The nationalisation of the high-tension grid, which according to Sr Solchaga will place between 90 and 95 per cent of Spain's 400 kV network and 20 per cent of its 220 kV network under a government-majority mixed company, is seen by the authorities as a means of rationalising the current system and saving on final distribution costs.

The terms of the agreement have been positively received by Spanish business circles, particularly its firm commitment not to make any further nationalisation in the sector and its emphasis on a price structure responding to companies' financial needs.

BASF lifts profits in quarter but sees major problems ahead

BY JOHN DAVIES IN FRANKFURT

BASF, the West German chemical group, has boosted sales and profits in the first quarter of this year but still sees some major problems ahead.

It has made steady progress towards eliminating losses in plastics but it faces continuing difficulties in this area, as well as in oil refining and fertilisers.

Like other West German chemical companies BASF has detected an improvement in business from the trough of late last year, although some export markets are stagnating.

Prof Matthias Seefelder, the chief executive, said that despite its problems BASF could "breathe more freely" in many product areas.

The group's worldwide sales revenue in the first quarter rose to DM 8.4bn ($3.47bn), up 1.4 per cent on the same period a year ago, while the parent company's sales were 3.7 per cent ahead at DM 4.09bn

Pre-tax earnings of the group were 4.3 per cent up at DM 288m, although this was still well down on the earnings of DM 446m in the first quarter of 1981.

The parent company's pre-tax earnings were ahead 6.7 per cent at DM 159m in the first quarter, but were also below the comparable 1981 figure of DM 180m.

In plastics, BASF made a turnround to an overall operating profit of DM 13.1m in the first quarter of this year, with earnings on some speciality products partly offset by continuing losses in commodity plastics.

BASF sharply reduced its losses on plastics last year in the wake of restructuring measures to scale down capacity. Its overall losses in the plastics division fell to DM 130m, compared with DM 192m in 1981.

Prof Seefelder said there had been a slight increase in sales volume of plastics in the first quarter of this year, partly because of a rebuilding of stocks in anticipation of a rise in the cost of the raw material naphtha. Prices of commodity plastics was still unsatisfactory because of worldwide over-capacity.

In oil refining, where BASF lost DM 300m last year, the margin between cost and prices has improved but the company is still not close to making a profit.

Prof Seefelder said the fertiliser business was becoming increasingly difficult, with imports boosting their share of the West German market by 20 percentage points in the past two years. He sharply criticised the Dutch for giving their producers an unfair competitive advantage through subsidised natural gas prices.

He hoped that the West German Government and the EEC Commission would take action to help restore their competitiveness.

Prof Seefelder said BASF was directing its investment this year primarily in areas with growth potential such as oil and gas exploration and information technology, including expansion of video cassette production.

Investment in other areas, including commodity plastics, basic chemicals and fibres, was aimed at offsetting high costs of energy and raw materials.

He said the investment of DM 1.8bn this year would be about 10 per cent lower than in each of the last two years, after the completion of major projects affecting the basic structure of the group.

BASF aimed to develop its Wintershall subsidiary into a significant factor in the energy market – not only in refining, but also in oil and gas exploration, and marketing, he said.

In addition to partnership in North Sea projects, BASF is negotiating with Qatar on terms for exploitation locally of an offshore gas find.

Recovery at Italtel, Telettra

By Rupert Cornwell in Rome

THE RECOVERY of the Italian telecommunications industry has been underlined by the improved results of two of its biggest companies – Telettra, a subsidiary of the Fiat group, and Italtel, controlled by the Stet division of IRI, the state-owned conglomerate.

Yesterday, Telettra announced that net earnings had more than doubled in 1982 to L3.8bn ($2.6m). Sales had climbed by 35 per cent to L295bn, of which almost 60 per cent went for export. Orders in hand of the parent company stood at over L300bn at the end of last year, while group turnover reached L500bn for the first time.

The company intends to increase its dividend to L190 per share, compared with L100 in 1981.

Meanwhile, Italtel succeeded in reducing its losses drastically during the year, to L115bn on a consolidated basis from L269bn in 1981.

The deficit was entirely due to debt servicing charges totalling L181bn. These, in turn, are being cut back after IRI and Stet, its two shareholders, injected L250bn of fresh capital into the company in 1982.

Akzo rights issue to raise Fl 158m

BY WALTER ELLIS IN AMSTERDAM

AKZO, the Dutch-based chemicals and fibres group, is to raise new equity of Fl 158m ($57.8m) through a one for 10 rights issue. Buyers will also be issued with a warrant entitling them to purchase a further share up to November 30 1984 at a price of Fl 60.

The 2.96m new shares involved in the rights issue are to be priced at Fl 53.50 per Fl 20 share, against Monday's closing price on the Amsterdam stock exchange of Fl 57.30.

Akzo, cheered by a 120 per cent improvement in first quarter earnings, is forecasting an "appreciably better" net result for 1983 than the Fl 165m recorded last year. The 1982 dividend, confirmed yesterday, of Fl 1.80 per share is also expected to be higher.

Largely because of the "extremely poor performance" last year of Akzona, Akzo's U.S. holding company, the group is continuing with the costly restructuring of its U.S. operations. Attention is being concentrated on American Enka, the U.S. fibres division, which made an operating loss of Fl 24m, compared with a profit in 1981 of Fl 99m. It is understood that much of the cash raised by the new rights and warrant issues would be used to restore Akzona to full profitability.

Net income at Akzo for this year's first quarter came to Fl 56.8m, against Fl 25.9m in the opening three months of 1981. Sales, however, were down in value by more than Fl 90m, to Fl 3.6bn, and the fact that operating income actually rose slightly, to Fl 136m, partly reflected improvements in group cost structures.

Earnings were boosted by a reduced tax burden and an improved contribution from non-consolidated companies. But part of this improvement was offset by extraordinary losses of Fl 11.5m, much of them arising from drastic measures taken in North America.

Sales volume in the first quarter fell because of continued lack of demand for man-made fibres in Western Europe and the greatly reduced requirement in the U.S. during the winter for road salt.

Mr Arnout Loudon, Akzo chairman, referred recently to the "inadequacy" of the 1982 net income when set against shareholders' equity.

If equity is to be increased, that ratio will open further, and it is perhaps significant that Mr Loudon referred yesterday during the annual meeting to his "assumption that our performance will go on improving."

Dun and Bradstreet to sell TV operations

BY WILLIAM HALL IN NEW YORK

DUN and Bradstreet, the U.S. business information and publishing group which owns the Moody's credit rating agency, is selling its television broadcasting operations. The sale could raise close to $500m.

The company is offering five of its six Corinthian Broadcasting stations for sale and plans to sell its biggest television station, KHOU-TV (Houston) at a later date.

The combined broadcasting companies had operating income of $47.3m in 1982 on revenues of $100.6m last year. The Houston television station is understood to have accounted for roughly half the total.

Dun and Bradstreet, which plans to use the money to expand its operations in the business services and information fields, would not say how much it expected to raise from the proposed sale but industry analysts say that as a rough rule of thumb, good TV stations are normally valued at 10 times operating cash flow, depreciation and interest.

Row over Chrysler option

BY WILLIAM HALL IN NEW YORK

CHRYSLER Corporation, the embattled U.S. car manufacturer which has received substantial support from the U.S. Government in its battle for survival, is facing growing political opposition to apparent plans to get the Government to forego its right to profits of more than $200m on Chrysler stock.

As part of the rescue plan or Chrysler, the Government was granted warrants to purchase 14.4m shares in at $13 each. With Chrysler shares now more than double that, the Government can make a sizeable capital gain on its investment.

Several politicians have expressed anger at the suggestion that Chrysler should be allowed to renegotiate the terms of the rescue package which saved it from failure.

Rovsing taps markets for DKr 107m

By Hilary Barnes in Copenhagen

CHRISTIAN ROVSING, the fast-growing Danish computer manufacturer, has raised DKr 107m ($12.3m) through a share issue placed privately with institutional investors in the UK, Holland and Denmark. This is the second time within 12 months that the company has made a successful foray into the European markets.

The company says it will seek a quotation for its shares in London or New York and Copenhagen in 1984.

Rovsing, which earns 70 per cent of its revenues from exports, has increased sales from DKr 84m in 1978 to DKr 414m last year, an average annual growth of 40 per cent. In 1982 sales increased by more than 50 per cent.

The new issue of B shares is nominally worth DKr 12.7m and raises DKr 107m for the company. This increases shareholders' equity from DKr 70m at the end of 1982 to DKr 177m, which is 61 per cent of the year-end balance sheet total of DKr 290m.

UIC hit by real estate losses in New York

By Georgie Lee in Singapore

LOSSES on real estate investment in the US and high financing charges have left the Singapore based United Industrial Corporation (UIC) with a pretax deficit of S$7.4m (US$3.5m) for 1982, compared with a pretax profit of S$4.9m in 1981.

Group turnover rose by 43 per cent to S$77.9m, there was an 11 per cent improvement in operating profit to S$6.7m, and investment income rose from S$77,000 to S$1.85m.

However, interest charges more than doubled from S$1.7m to S$4.05m and the group's share of losses from associated companies amounted to S$11.9m. UIC said this was due mainly to loss on its investment in a 21-storey office building in down-town Manhattan, New York, which was purchased jointly with Banque Paribas. The property showed an operating loss of S$23.9m at the year-end.

Tax also rose by 54.5 per cent to S$4.5m resulting in a post-tax loss of almost S$12m against a profit of S$1.97m in 1981.

Despite the substantial loss UIC, which is involved mainly in the chemical, property and engineering industries, has proposed a first and final gross dividend of 5 per cent, compared with the previous year's 10 per cent.

Downturn for NZ Forest Products

By Lachlan Drummond in Sydney

NET PROFITS of New Zealand Forest Products dropped by 24 per cent from NZ$61.3m to NZ$46.8m (US$31m) in the year to March 31 as export sales of pulp and timber dropped from NZ$151m to NZ$128m.

Overall sales were little changer at NZ$693m and while mechanical problems were in part responsible for the fall in export sales, low prices and demand were "more significant by far."

The results would have been worse but for a reversal from a tax charge of NZ$5.5m previously to a credit of NZ$8.2m this year as export incentive allowances offset taxes payable

Local business was well maintained, the company says, although in Australia, its main market, recession cut demand for pulp and timber. However, orders have recently improved.

CSR well placed for acquisitions

By Our Financial Staff

CSR, the Australian sugar, natural resources, and building materials group, believes it is well placed to take advantage of acquisition opportunities in Australia and abroad "in industries we already know," Mr Gene Herbert, the company's assistant general manager and chief financial officer, said in London yesterday.

The company still has some A$400m (US$ 349m) in undrawn standby finance available, and does not foresee any need this year either for fresh borrowings or for additional equity finance.

Mr Bryan Kelman, CSR's new chief executive, expressed cautious optimism that under the new Labor Government, wage increases in Australia might be reduced to around 3-4 per cent a year. As a "microcosm" of the Australian economy," CSR had seen its expansion in a number of areas curtailed in line with the recession, but had been able to take corrective action early enough to be confident that it would weather the current year better than some of its rivals.

Seat plans export drive into Western Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

"WE ARE not over-ambitious. We at Seat only want 1 to 1½ per cent of the Western European car market, 1 per cent in 1984 and 1½ per cent in 1985."

Thus, in a matter-of-fact style, Senor José del Castãnu, personal assistant to Snr Juan Miguel Antonanzas, president of Seat, outlined the strategy by which the State-owned group intends to transform itself from one known only in Spain to a pan-European trader.

Speaking at the Barcelona Motor Show, Snr del Castãnu pointed out that Seat had set up a European distribution network in the record time of only six months.

Seat now has its own import companies or has agreed terms with importers in Austria, Belgium, France, Germany, Greece, Holland, Israel and Switzerland and, with considerable cheek, in Italy, where it will come into direct conflict with its previous partner of 30 years, Fiat.

If all goes according to plan, Seat will export 80,000 cars under its own name in 1984 to 600 dealers throughout Western Europe.

Within a year Seat even intends to tackle the UK market with its peculiar demand for right-hand-drive cars although so far no importer has been signed up.

Seat has now linked with Volkswagen-Audi and will produce and sell some of the West German group's models in Spain.

Domestic boost

This, according to Snr Del Castañu, will have two major effects: It should boost Seat's domestic market share from 26.5 per cent last year to the 32 per cent target it has set itself. It will push Seat's car output up from 240,000 in 1982 to near the 400,000 for which it already has capacity.

Snr Castañu maintained confidently: "We will be in the black by the end of 1984 when production goes to 400,000." That would be a considerable achievement for a group whose losses reached Ptas 15bn ($110m) in 1979 and were Ptas 20bn in both 1980 and 1981.

Seat's competitors in Spain—where six domestic car manufacturers are scrambling to share sales of under 600,000 a year, making the market about one-third the size of Britain's—take the claims with a large pinch of salt.

They say the deal with VW-Audi offers only temporary relief and no cash for Seat. This is a particularly sore point. "Everybody else had to invest heavily in Spain to be allowed to sell here, now Volkswagen comes in without paying any fee," said a senior executive of one rival group.

Seat's competitors also question the ability of the management to push through such an ambitious programme. "The top management people are all political appointees. This affects morale among the senior managers who know they can never make the top rung," was a typical comment.

Between 1950 and 1980 Seat worked in comparative harmony with Fiat. The Italian group had a minority stake and provided technical assistance which enabled Seat to produce a complete range of cars, based on Fiat models, for the tightly-protected Spanish market.

In return Seat provided Fiat with cars for its dealer network outside Spain. As Snr del Castañu said: "Over the past 11 years we have exported 1m cars—but always with a Fiat badge. However, this means our plants are used to producing to export standards and know what is required for a quality product."

Seat and Fiat eventually fell out when the new management at the Italian group decided it would prefer not to put up half the cash required to get Seat into shape in readiness for Spain's entry to the Common Market and the gradual dismantling of the tariff barriers which protect the Spanish car producers.

Seat put into effect a reorganisation programme designed to make it more attractive to another partner and this has involved a reduction in its workforce from 32,000 to 25,600 over the past 18 months.

Talks with Toyota, Japan's largest vehicle group, came very close to agreement but eventually broke down completely, according to Snr del Castañu because Toyota—cautious as ever—wanted to ship car kits for assembly in Spain in the initial phase rather than immediately going for manufacture with a high local content.

Seat last year found a partner in Volkswagen-Audi. But, unlike the arrangement with Fiat or the one contemplated with Toyota, VW is not to supply any cash—only technology.

The contract is for seven years and in the early stages will involve Seat making the VW Polo-Derby at its plant in Pamplona. This former BL facility (the UK group operated in Spain as Authi) was forced on Seat in 1974 when BL quit Spain. Seat had to step in to save the jobs.

Revamped plant

The Pamplona plant is now shut down so that—for the second time since 1974—it can be completely revamped. When ready it will have the capacity to produce 120,000 Polo-Derby mini-sized models a year (using engines and gearboxes from Germany). In the early stages Seat reckons that 50,000 will go to the domestic market and 50,000 will be exported for VW to absorb into its dealer network.

Sr del Castanu pointed out that the Pamplona plant will be one of the newest in Europe where 3,000 people will produce up to 120,000 cars a year—"more than Japanese standards."

Seat is also to produce 30,000 a year of the VW Santana and Passat larger cars for Spain only and expects to import 10,000 other VW-Audi models for sales through its 203 dealers.

Investment to tool-up for the VW models and in a new gearbox plant at El Prat, near Barcelona, will total about Pesetas 9.6bn over two years.

Seat's own-brand export drive will start with the Ronda, developed from the Fiat Ritmo/Strada, and the Fura, based on the Fiat 127. Snr del Castanu said they would be better-equipped and lower in price than the comparative Fiats.

Two other models are under development: one code-named S1 is to be launched in May, 1984 with engines between one and 1.5 litres, and the S3, due late next year, with engines up to 2 litres. Porsche and Karman of West Germany and Ital Design of Italy have helped with the development of these models.

INTL. COMPANIES & FINANCE

Mexico makes a change of tack on last year's bank nationalisation

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN GOVERNMENT is cautiously reorganising its banking system, following the nationalisation last September of 53 private banks, total assets of which were 3,292bn pesos—$47bn at the then-prevailing exchange rate of 70 pesos per dollar, or $22bn at the current free market rate of 150 pesos—and deposits 2,238bn pesos.

The banks were taken over by the outgoing Government of Sr Jose Lopez Portillo at a time when its popularity was low and the country was battling with a foreign exchange liquidity squeeze. Sr Lopez Portillo accused the 53 banks, which have 86 per cent of the total bank deposits, of "looting" the country and encouraging depositors to place their money abroad.

He also abolished dollar accounts in Mexico and took over the banks' shares in some 300 companies. The state's participation in the economy has risen by about 10 per cent to an estimated 70 per cent.

The five-month-old government of President Miguel de la Madrid regards the nationalisation measure as a populist move carried out to find a scapegoat for the financial crisis and to guarantee Sr Lopez Portillo a place in the country's history books.

Nevertheless, the new Government is not going to hand the banks back to the private sector. The broadly based Institutional Revolutionary Party (PRI), which has ruled Mexico for 54 years (presidents change every six years), has claimed the nationalisation as a "conquest" for the people. It would be politically contentious to denationalise the banks.

However, the Government has decided to return up to 34 per cent of the bank shares to the private sector in order to restore some of its battered confidence, but there is a limitation that no individual or corporate body can hold more than 1 per cent of the bank's capital.

The Government's approach is epitomised by its running on television the same bank advertisements as were used before the nationalisation.

The Government does not want to arouse fears that there might be changes ahead, so possibly provoking panic.

The conservative policy is reinforced by the fact that personnel changes have been made only at the very top of each bank. The former chairman of the banks have been replaced by state bankers and experienced financial officials.

"We want to keep banks which will compete among themselves, as do General Motors and Ford," says the official. The traditional state-run banks, like Nafinsa, will continue to finance industrial development at subsidised costs.

The Government is busy talking with former bank owners over compensation plans, which could be finalised by June.

The authorities are not only having to evaluate the net worth of the 53 banks, but also to assess the full extent of banks' participation in companies. Banks are involved in joint ventures with foreign companies, like John Deere and Kimberly Clark, the U.S. tractor and paper concerns, respectively, and also in brokerage houses, insurance companies, and leasing companies.

The top four banks, Bancomer, Banamex, Banca Serfin, and Multibanco Comermex, which control about two-thirds of the total banking market, have shares in almost all the country's 100 most actively traded companies on the Mexican stock exchange.

Once the banks' net worth is evaluated, the Government will issue bonds with a maximum life of 10 years and a grace period of two or three years. The bonds, according to officials, could be used to buy back a one per cent stake in banks and to purchase shares held by the banks in companies.

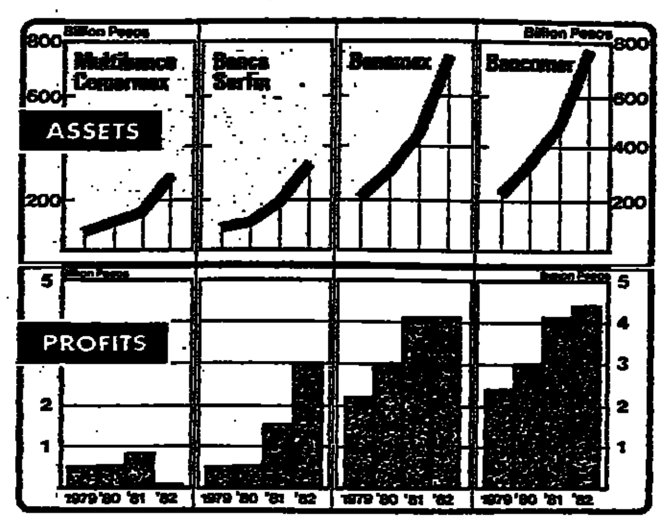
The shares in companies are being evaluated on the basis of 50 per cent of their book value on August 31, 1982, and 50 per cent of their average daily worth on the Mexican stock exchange in the 12 months before the nationalisation.

The Government has not yet decided which company shares it will sell back to the private sector. The Government is apparently not interested in holding on to shares in concerns like department stores, but it might want to keep the shares in more strategic industries like secondary petrochemicals.

Until this issue is resolved, the Government has decided not to be represented on the boards of companies.

On its overseas front, the idea is to maintain the 20 agencies and full branch offices of the top four banks in London, New York, and Los Angeles, as separate entities, although international banks' short-term deposit placements in the Mexican banks' foreign branches have slumped, as, more particularly, have syndicated loan involvements.

Officials take a long-term view. They believe the international presence should not be scaled down, because Mexico's once lucrative banking business abroad will bounce back when the economy recovers.



Bob Hutchison

The top Mexican banks have managed to stem the haemorrhaging of deposits placed in foreign branches by international banks. The uncertainty last year, particularly over whether an estimated $6.7bn of interbank deposits would be included in Mexico's moratorium on principal repayments, sparked off a run on these deposits.

The withdrawal of these deposits compounded the country's foreign exchange liquidity squeeze. Mexico agreed, after a tug-of-war among government officials, to exclude the inter-bank deposits from the moratorium.

The level was estimated at $5.4bn last month — $200m more than the minimum, which Mexico's international creditor banks have agreed to maintain as part of their rescheduling package.

While no changes are planned abroad, the authorities intend to merge the 53 banks into between 8 and 12 groups, with no group holding less than 7 per cent of the market share.

The authorities have reversed the interest rate policy of the last Government, which made rates negative in real terms by bringing them down during a period of high inflation.

Interest rates for six-month deposits, the most popular term, have increased 15 per cent since the Government took office to 60.35 per cent. The higher rates are attracting new deposits.

In the first quarter of 1983, deposits, including money held in Treasury bills, increased by 346.5bn pesos, or 15 per cent, compared with an 8 per cent rise in thet corresponding 1982 period.

The Government has also reversed the last Government's policy, brought in after the nationalisation, of limiting to 5 per cent the margin which banks can charge for their loans, over the central bank's average cost of funds (CPP). The CPP was 57.21 per cent last month, compared with 46.2 per cent in April, 1982 and the banks' margin is now between 9 per cent and 12 per cent, depending on the borrower.

These measures led to stagnant bank profits in 1982 after years of high growth in earnings. The Government believes that profits will start to grow again as of this year.

UK COMPANY NEWS

Hepworth makes progress to £3.76m and pays more

INCREASED *pre-tax profits* have been produced by J. Hepworth and Son for the six months to the end of February 1983, with the taxable surplus moving ahead from £2.23m to £3.76m. Sales, excluding VAT, of this retailer of men's and womenswear rose from £41.33m to £52.11m.

The early response to the *spring merchandise* available at Next, the womenswear subsidiary, has been excellent, says *Sir Terence Conran*, chairman. A total of 117 branches are now open, and a further 13 branches, one of which will be in Germany, will be open ready for autumn trading.

In the light of the improved *profit performance* and *in order* to reduce the disparity with the final, the net interim dividend has been *lifted from 0.79p to* 1.59p. The final dividend is expected to be at least maintained, which would increase *it* by 20 per cent from 4p to 4.8p.

Earnings per 10p share are given as moving ahead from *4.01p to 5.5p*.

Considerable progress has been made *in* the modernisation of *Hepworths*, the *menswear* subsidiary, says Sir Terence, and so far 150 shops have been refitted. Club 24 and Estates continue to make a *steady* contribution to profits.

As already known, W. and E. Turner *was sold at the end of* the period to the Ward White group. The trading results of this company have been reflected in the interim figures. The total received from the sale, some of which will be deferred, will be close to £7m—the precise sum being based on an agreed balance sheet of Turner.

For the period under review, trading profits increased from £3.54m to *£4.27m* and were subject to reduced interest of £515,000 (£1.32m). The charge for tax rose from £445,000 to *£1.32m*. *There were* extraordinary credits this time of £503,000 (debits £129,000), after which *attributable profits* emerged well ahead at £2.95m (£1.65m).

● comment

With only a limited amount of the increased High Street spending finding its way *into* clothing over the past six months, retailers have had to have a strong formula to produce *real* growth. J. Hepworth has achieved this through its newly-minted Next chain of womenwear shops — and it must be *extremely thankful that* it was there. The footwear division, recently sold, traded at a loss on static volume, while the menswear shops were squeezed by the combination of stagnant demand, limited price rises, and cost increases of around 7 per *cent*. A year ago, Next was little more than an idea, but this division has grown so rapidly that *it has contributed* virtually all the £11m increase in turnover for the first six months, along *with the 20 per cent* rise in trading profits. There is still plenty of scope for Next to *expand in the UK from* the current 115 shops to the target 160, although Hepworth is pinning longer term growth *ambitions* on Continental Europe. But a further recovery in profits will depend on the revamped menswear side, which will be given its first real test in the current half-year. With modest success, Hepworth could achieve £7m for the year. But at last night's price of 155p, this would leave it on *a demanding fully-taxed* prospective multiple of just under 20, only a point or so short of Marks *and Spencer*.

Anti-trust probe into Mercantile House arm

By John Moore in New York

THE U.S. Justice Department has begun a preliminary investigation into **Fundamental Brokers Inc**, part of **Mercantile House Holdings**, the British money broker with extensive international financial interests.

The department advised Fundamental about six weeks ago that it would be studying the group to see whether it had been *acting contrary* to anti-trust legislation.

Fundamental is one of the *largest Government securities* brokers in the U.S. Last year Mercantile House bought the U.S. securities *and investment* banking firm of Oppenheimer and Co.

Mr Edward Lunder, *president* of Fundamental, said this week: "Since we only deal with 39 clients the only thing we may have *done* is *restrict* access to the market."

Fundamental accepts bids and *offerings* on Government securities from its 39 customers, which largely include the major banks, and the department is *believed* to be examining whether the company is operating a restricted market and *providing privileged* status and positions in the market to its customers.

"The Justice *Department might force* up to expand our network and service," said Mr Lunder. "They are investigating because *someone may* have made a complaint." He added: "I do not think there will be an official investigation or that there are any violations of the anti-trust acts."

Dualvest pays more

Total dividend of **Dualvest**, investment company, increased to 7.881p net per 50p income share, compared with 7.345p, with 3.788p final payment, and *revenue was higher* at £709,000 against £661,000 after tax of £378,000 (£389,000).

Net asset value per £1 capital share was given as 786.375p (581.75p)

Queens Moat calls for £10.6m: £4m profit seen

BY DOMINIC LAWSON

Queens Moat Houses, the hotel group, is raising £10.6m by way of a one-for-three rights issue at 28p per share.

Managing director Martin Marcus said yesterday: "We are raising the money to put our balance *sheet* into an acceptable gearing position and to allow scope for further expansion."

Holders of the 10½ per cent convertible unsecured loan stock 1989-1991 will be allotted new *ordinary shares on the same* basis, assuming that their holdings had been converted into *ordinary shares*.

Grand Metropolitan will take up its full rights entitlement, amounting to 3.7m *new shares*. The balance of the issue has been underwritten by Charterhouse Japhet. Capel-Cure Myers are brokers to the *issue*.

Mr Robin Grant of Charterhouse said: "The underwriting *went well, although* some institutions are not underwriting offers now the election campaign has started."

Queens Moat is forecasting profits *of at least £4m pre-tax* this year, against £2.8m in 1982. It estimates that earnings *per share will show a fall* from 3.21p to 3.02p. The company expects to pay dividends totalling 1.33p net in 1983 representing *a 10 per cent increase*.

The consolidated balance sheet as at the end of 1982 shows ordinary shareholders' funds of £34.8m. The borrowings of the group at April 27, 1983 were £32m, including the £6.6m nominal of convertible stock.

Dealings in the shares will begin on May 31 and the latest acceptance and payment date is June 17.

● comment

Quenes Moat certainly has a knack. Its two previous rights issues coincided with the outbreak, respectively, of the Iran-Iraq war, *and the Falklands* conflict. Mrs Thatcher's declaration of electoral war may have *clipped a couple of pence* off the offer price. But given the precipitate *fall* in the market yesterday the 3p dip in the price of the old shares to 33p can be judged as quite satisfactory for QM. Pre rights issue gearing was 92 per cent, counting the convertible *as debt*, but *only* 62 per cent on the more generous interpretation. In the worst case, post rights gearing will still be below 50 per cent. QM will not simply be paying off debts with the rights money, since the nature of many of the loans would probably make that penal. Rather, *QM is still anxious to expand*, and it might be looking hungrily at the seven hotels of Management Agency and Music, 6 per cent of whose equity QM acquired five months ago. The seasonal nature of its business may make the profits forecast look bold, but the QM management incentive scheme effectively *means that* the company already knows what it will make from 35 of its 49 hotels. Note: the final acceptance date falls comfortably after June 9.

Associated Paper lower at six months

FOR THE six months ended April 2 1983 pre-tax profits of **Associated Paper Industries** declined *from £1.26m to* £905,000 on lower sales of £17.6m compared with £18.1m.

In the first quarter there was a downward trend in order intake at some of the company's units which affected profits but during the *second* quarter order levels improved and profits were significantly higher.

This improvement has been maintained and with the current level of activity "encouraging" the directors are increasing the net interim dividend by 0.2p to 1.2p—a final of 2.8p was paid previously.

● comment

The hopes of a *sustained* recovery that **Associated Paper Industries** raised last May were dashed by a slump in demand in the UK paper industry which began in the summer primarily due to de-stocking. However, the company once again reports an upturn which started in mid-January after a particularly depressed autumn performance. The lower pound has helped stimulate demand in the UK by a small amount but it has also led to an 8 to 10 per cent increase in pulp prices. This is likely to squeeze the margins of the paper manufacturing division, which accounts for one-third of all turnover, although price *increases are expected to stick*. On the export front, the most encouraging improvement has come from France. After the savage rationalisation programme of two years ago, there is little more fat to be worked off and the only cost savings are now anticipated to come from the George Whiley foil-stamping *division* where *new equipment* is being installed. With borrowings still low, API is now looking for acquisitions in the UK which should be completed by the year-end in October. The share price yesterday rose by 2p to 84p where *the historic yield* is 6.9 per cent.

Smith & Nephew advances 22%

FOR THE 12 weeks ended March 26 1983 profits of *Smith and Nephew* **Associated** Companies rose to £8.52m pre-tax, an improvement of £1.54m, or 22 per cent, over the £6.98m made for the same period last year.

Sales for the quarter expanded by 14 per cent, from £67.43m *to* £76.92m, excluding inter-company sales and those of associated companies.

Pre-tax figures, however, included associates' share at £1.1m (£917,000) and were after lower interest *charges of £1.09m.*

Tax paid increased from £2.3m to £2.95m, minorities accounted for a same-again £5,000 and at the attributable level there was a surplus of £5.56m, compared with £4.67m.

Stated earnings per 10p share emerged at 2.4p (2.03p adjusted). The group, with interests in the *manufacture* and sale of medical and health care products and personal hygiene products and toiletries, made pre-tax profits of £34.41m (£29.13m) for the year to January 1 1983.

● comment

Smith & Nephew has got off to a good start in 1983 with pre-tax profits for the first 12 weeks up 22 per cent to £8.51m. It looks *forward* to the rest of the year with "reasonable optimism." All divisions have improved on the same period last year. The main contributor continues to be the medical and health care *division* at about 60 per cent of profits, but there are signs of improvement in the textiles and the plastics and tapes division which have been sluggish recently. The operating profit was up just 13 per cent. The pre-tax profit has been *boosted* by a reduced interest charge down from £1.48m to £1.08m. A stronger pound in the first quarter brought in an extra £250,000. Smith & Nephew wants to double profits in the five years to 1987 to £70m. It looks on target to get £40m *in* 1983. The share price per 10p share fell 8p to 151p where it sells on a fully taxed prospective *p/e of over* 18, and still looks fairly fully valued.

McKechnie in £10.23m rights

A RIGHTS issue to raise some £10.23m after expenses is announced by McKechnie Brothers.

The issue, underwritten by Baring Bros, is of 10,104,459 25p *ordinary* shares at 105p each to holders of the ordinary and 10 per cent convertible loan stock units *1994-99, on the basis of one-for-five*.

Broker to the isuse is Cazenove and Co, and dealings are expected to start on May 27.

The proceeds of the rights will be used to finance the capital expenditure *programme* in the UK, and enable the group to take advantage of opportunities for growth through acquisition, directors explain.

Furthermore, they say that the enlarged equity base will ensure that McKechnie *will maintain* a strong financial position.

On the capital as increased by the rights *issue, the directors* intend to at least maintain the final dividend payment at 5.2765p net, keeping the total at 7.2765p for the 1982/83 year.

● comment

Even for a company exposed to a variety of cyclical sectors, McKechnie Brothers has always *aimed to keep down* its borrowings to an exceptionally low level. At present the gearing level is only about *20* per cent *and it* should be under 10 per cent after the rights issue, which is the first since 1977. But much of *the £10.2m to be raised* has already been earmarked for the plastics division. The company is looking for *acquisitions* in both the UK and *overseas*, possibly in the U.S. for the first time, and capital expenditure on robots and microprocessors is also to be made. The company's plans for expansion are unlikely to require any increase in the UK labour force, now numbering 5,000. But *increases in working capital* will be necessary, particularly in view of the substantial rise in the prices of plastics and copper *futures* which will add to group input costs. Pre-tax profits this year are unlikely to rise much *above £11m. Thus the 9p fall in* the share price yesterday to 119p, which no longer makes the rights issue discount appear generous, gives an ex-rights price which is 11.3 times the fully taxed prospective earnings after allowing for dilution. The prospective yield is 8.9 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Associated Paper ...int.	1.2	July 7	1	—	3.8
Barr & WAT	5	July 1	1	5	1
Frederick Cooper ...int.	0.5	June 20	0.5	—	1.55
Costain Gp.	7	July 4	6.5	12	11
Crystalate ...int.	1.26	July 29	0.88	—	2.42
Dualvest	3.79	—	3.56	7.88	7.35
Edith	1.5	June 28	*1.44	2.3	*2.21
Ellis & Goldstein	1.3	June 22	1.3	2.15	2.15
Fulcrum Invest Tr ...int.	2.1	—	2.1	—	4.75
Headlam, Sims	1.6	June 11	1.6	3	*2.6
J. Hepworth ...int.	§1.59	June 27	0.79	—¶	4
Maurice James	0.75	—	0.75	1.25	1.25
Miles 33	‡2	—	nil	2	nil
More O'Ferrall	2.06	July 1	2.08*	2.96	2.96*
Prince of Wales Hotels	1.5	—	1.25	2.25	2
Rotaflex	1.6	July 4	1.4	2.2	2
Sears Hldgs.	2.1	—	1.8	2.8	2.5
Shires Invest	8.8	—	8.8	11.8	11.8
United Wire ...int.	2.2	July 1	2.2	—	5.75

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § To reduce disparity. ¶ Total dividend of 4.8p expected.

UK COMPANY NEWS

CU better first quarter and further recovery seen

FOR THE first three months of 1983 Commercial Union Assurance returned profits of £14m at the pre-tax level, compared with a loss last year of £1.7m, and the directors say they are becoming more confident about the future.

They say the group is more efficient than a year ago and add that 1983 should see the beginning of a period of recovery, barring exceptional catastrophies.

The benefits of actions taken will emerge slowly over this and the following year but with some welcome signs of improvement in world economic conditions and the group's sound financial position, and the directors are looking forward with "a growing measure of confidence."

Net investment income for the three months jumped from £54.2m to £66.9m and life profits moved ahead by £4.1m to £11.2m. Underwriting losses, however, rose slightly from £63.6m to £66.4m. Associates added £2.3m (£0.6m).

A geographical breakdown of the underwriting result shows: U.S. $46.2m (£35.5m), UK £12m (£14.1m), Netherlands £4.7m (£3.5m), Canada £1.3m (£7.5m), and the rest of the world £2.2m (£3m).

Premium income totalled £700.9m, compared with £551.1m previously.

Mr Cecil Harris, the group's chief executive, says the improved results reflect, in particular, better weather conditions during the winter, compared with last year. He adds that the underlying trading situation remains difficult in both the U.S. and the U.K but that actions taken to improve efficiency and profitability have started to have some effect.

Group pre-tax profits for the 1982 year fell sharply to £21.5m (£89.5m) despite a 27 per cent increase in net investment income to £243.5m and a 60 per cent jump in life profits to £40.7m.

A poor fourth quarter on its U.S. operations, coupled with a weak first three months arising from adverse weather, meant the 1982 results were the worst for the group since 1975. The dividend for the year was maintained, however, at 11.8p net per 25p share.

Mr A. L. Brend has been elected by the Board to become an executive director with effect from July 4. In addition, he has been appointed president and chief operating officer of Commercial Union Corporation with effect from July 11.

Mr H. H. Ward will continue in his post as chief executive officer until November 30, when he will retire having reached 63. He will continue to be a director.

See Lex

Arenson reduces losses midway

ALTHOUGH described as disappointing, reduced losses of £294,000 against £630,000 at Arenson Group for the six months to the end of January 1983 show that anticipated improvements are beginning to work through, says Mr Arenson, chairman.

Turnover of this maker of domestic and office furniture moved ahead from £6.69m to £7.77m.

Following determined action taken in recent months, Mr Arenson says there should be good progress in the second half towards adequate profits. However, until this has been achieved, the directors feel unable to recommend a dividend.

● comment

Arenson's trading profits have been obliterated by the £396,000 interest charge, reflecting borrowing to meet the cost of halving the workforce to 200 as part of the group's withdrawal from assembled domestic furniture manufacturing. The company admits, with the benefit of hindsight, that it was entirely unsuited to venture into this area three years ago, especially at a time when the furniture industry was entering its worst ever recession. Now that the redundancies are complete, 80 per cent of turnover is concentrated on office furniture, the group's traditional area, where a healthy upturn in demand is being led by systems furniture, another Arenson forte. The board has been reshuffled to include marketing expertise to promote a new line of fitted bedroom furniture, the only product Arenson sells direct through retail outlets. In the second half, the directors' minds will be chiefly focussed on debt, which is now running at 126 per cent of shareholders' funds. Until that returns to more comfortable levels, no dividend is likely to be declared. The shares slipped 1p to 19p.

NatWest offshore currency fund

THE FIRST offshore currency fund to be connected with a major UK clearing bank has been launched by National Westminster Jersey Fund Managers, who will manage the County Bank Currency Fund, in the Channel Islands.

National Westminster Group's wholly owned merchant banking subsidiary, County Bank, will act as investment advisor. The fund is designed to manage liquid assets, maximising interest returns while maintaining liquidity at a high level. There will be daily valuations and shareholders will have access to money at two business days' notice.

Although the fund is open to individual investors, it is expected to be of particular interest to the corporate sector. Application has been made to the Stock Exchange for listing of the funds shares.

A managed share class (ie one in which the managers select the mix of currencies) has not been included, since the managers believe that in handling short-term cash investors are reluctant to take on extra currency exposure, but prefer to match foreign exchange liabilities.

The fund will comprise five share classes and the minimum permitted investment will be as follows: $10,000; £5,000; DM 25,000 DFl 125,000; Yen 2.5m.

The choice of share classes will be made by the investor and in each share class there will be no foreign exchange risk. Fund will be actively managed across a range of money market instruments including time deposits, certificates of deposit and floating rate notes.

There will, at present, be no dividend distribution: all income will be accumulated in the appropriate currency portfolio and share prices calculated to reflect each day's accrued income. The fund therefore gives the opportunity to realise income as an increase in capital value.

There is no initial charge and a low annual service fee of three-quarters of a percent per annum.

● comment

In the wake of a number of merchant banks and unit trust groups, National Westminster is launching its own Channel Island roll-up currency fund, which it hopes will soon attract around £100m. It is primarily aimed at the corporate treasurer market, and boasts features like a relatively low ¾ per cent annual mangement fee, and two-day redemption notice. With a £5,000 minimum investment, some larger private investors could be attracted too, and the minimum might be reduced in due course. The timing, just ahead of the general election, cannot have been deliberate, but it does give the fund an opportunity to get off to a good start if Labour shows at all well during the campaign.

More O'Ferrall continues to decline but holds payout

CONTINUING the decline shown at the halfway stage at More O'Ferrall pre-tax profits for 1982 fell from £3.08m to £2.02m. Satisfactory profits are forecast for the next full year and the dividend has been effectively maintained.

At the halfway stage profits dipped from £1.47m to £1.06m and after difficult first-half trading conditions the directors said they could not predict the outcome of the year as a whole.

Turnover of this outdoor advertiser moved ahead from £14.36m to £15.2m. Turnover is expected to continue improving say the directors and a satisfactory profit level will be maintained next year. They say that levels of turnover so far continue to show growth and the upturn in the UK economy should help maintain that trend during the rest of the year.

The final dividend has been effectively held at 2.08p which gives a total equivalent to 2.96p (same) after allowing for a one-for-four scrip last year. Earnings per 10p share are given as slipping from an adjusted 7.9p to 5.5p.

At the trading level profits declined from £2.21m to £1.32m. Associate profits added £863,000 (£868,000) and relocation costs took £154,000 this time.

Tax was down from £1.42m to £870,000 and after extraordinary debits of £9,000 (£10,000) attributable profits slipped from £1.65m to £1.15m.

Dividends absorbed the same again at £634,000 and the retained balance emerged down from £1.01m to £511,000.

● comment

More O'Ferrall has had a tough year defending its outdoor advertising sites against the competition of the former members of the British Posters consortium who are trying to build up alternative national networks. The increased competition has helped push site rentals up steeply above More O'Ferralls small 5.8 per cent increase in revenue. The company has dug into its cash resources with a £1m investment programme now standing at £½m, mainly spent on the relocation and restructuring of Queensbury its manufacturing subsidiary which makes signs and bus shelters. More O'Ferrall is confident enough of its business and opportunities for expansion to effectively maintain its dividend at 2.96p a share, despite the 34 per cent drop in pre-tax profits. It points to the fact that its associate company Adshel, which advertises in bus shelters, has maintained profits, and business in France and Belgium is improving following a new marketing policy and a move into paper posters as well as painted signs. Also the group has won the valuable British Airports Authority concession for the advertising sites in all the airports from January 1. The share price down 3p at 77p gives a yield of 5.6 per cent.

Barr & Wallace £0.8m in black–dividend boosted

FOLLOWING recovery from a £60,933 loss to a £323,143 surplus after seven months, Barr & Wallace Arnold Trust finished 1982 £769,780 in the black pre-tax, compared with losses of £352,642 in the previous year.

Although directors again omitted the interim dividend, they have boosted the final distribution from 1p to 5p net per 25p share.

Turnover of this tour operator, car sales and computer bureaux concern went over the £100m mark for the 12 months, at £106,17m (£90.63m), and earnings per share have jumped from 1.1p to 10.7p.

Mr Malcolm Barr, chairman, reports that profits in the first quarter of the current year are higher than for the same period in 1982, and says he believes that the steady progress made during last year, and the progress so far recorded, will continue.

He adds, however, that many of the group's activities are seasonal, depending on good trading in the summer months, so the chairman, refrains "from more specific forecasting."

Trading profits for the period amounted to £1.65m, against £769,50, and were subject to exceptional debits of £96,435 (nil)—monies recovered from a Spanish hotel which were previously written off—and interest paid of £978,215 (£1.12m).

After a tax charge of £120,612, compared with a credit of £418,94, and extraordinary credit of £155,239 (£12,127) the attributable balance was £504,407 (£77,69 profit).

Dividends will absorb £302,835 (£60,57) leaving £501,572 (£17,12) retained.

First Castle expands to £1.2m on higher sales

ON AN EXPANDED turnover of £6.13m against £3.69m at First Castle Electronics, pre-tax profits for the year to the end of January 1983 increased by 57 per cent from £827,346 to £1.23m. The directors say that prospects are "excellent" in each of the electronic companies and they continue to be alert to acquisition opportunities.

In the year ahead, they hope that the company can achieve continuing growth and development which might be assisted by an improvement in the world economic situation.

Tax amounted to £22,126 against a previous credit of £37,483 and minorities this time came to £15,783. Earnings per 10p share on a weighted average basis were shown as advancing from an adjusted 8p to 8.14p. As already known, the dividend has been held at 1.75p with a second interim of 1.05p.

Attributable profits came through ahead at £1.24m against £789,83.

Commenting on the acquisition of the Ormandy and Stollery and Able group of companies, the directors say both performed well during the year, exceeding their previous year's results. Improvement in their business has prompted the acquisition of new premises for both companies and their expansion should continue.

MINING NEWS

Big output potential of Hemlo's Golden Giant

BY KENNETH MARSTON, MINING EDITOR

THE Golden Giant gold deposit of the Noranda, Goliath Gold Mines and Golden Sceptre Resources partnership in the exciting Hemlo gold camp of north-western Ontario could eventually become the biggest gold producer in Canada.

This has been indicated by Mr Alfred Powis, chairman of Noranda who said that completion of a C$200m-plus (£103m) underground mine and mill complex by 1987 could lead to an ultimate milling capacity of 3,000 tons of ore per day.

On the basis of an average gold grade of "better than 0.30 oz (9.3 grammes) gold per ton," this would be in the 300,000 oz per year gold production league, reports John Soganich from Toronto.

On this basis, Mr Powis envisaged gold production costs in the low range of US$130 per ounce. He said that so far drilling has indicated ore reserves of up to 15m tons, but the total size of the deposit is not yet known.

At the moment, however, the proposed mine is still in the final feasibility study stage. But it is expected to be brought to production by the end of next year at an initial milling rate of 1,000 tons per day.

Meanwhile, Noranda has reported high-value results from two further Golden Giant drill holes. No NGG-35 has cut a true width of as much as 44.3 feet grading a good 1.08 oz gold per ton at a depth of 2,782 feet. Hold No NGG-36 has given 0.952 oz over 42.7 feet at a depth of 2,776 feet.

The only fly in the ointment is the dispute with Lac Minerals over ownership of three claims which cover most of the Golden Giant property.

Such disputes are not uncommon in Canada — Lac Minerals has one at its own Hemlo area property — but Mr Powis said that efforts to settle the dispute out of court have been unsuccessful and at some point development work at Golden Giant may have to stop.

Meanwhile, Lac, which is currently Canada's second largest gold producer after Campbell Red Lake, reports consolidated net earnings of C$6.3m, or 28 cents per share, for the first quarter of this year. This compares with restated pro forma results of the predecessor companies (before the reorganisation) of C$7.87m in the first quarter of last year.

Lac's total gold production in the latest quarter amounted to 60,529 oz compared with 46,782 oz a year ago. It is hoped to meet, or exceed, a production target of 225,000 oz for this year.

The company is preparing to make a share offering shortly, proceeds of which will be used for planned capital and exploration programmes.

Sabina's rich gold values at Red Lake

RICH gold values are contained in the eagerly-awaited results of four drillholes put down to test for a possible extension of the "D" zone at the McFinley property in Red Lake, Ontario, which is 60 per cent-owned by Canada's Sabina Industries and 40 per cent by McFinley Mines.

Sabina states that the four holes confirm the extension of the "D" zone and have identified three new gold bearing zones.

The most significant intersections were obtained in the "Da" zone where hole S-5-75 cut a rich 5.1 oz gold and 1.15 oz silver over a length of 5 feet. Hole 83-16 cut 5.84 oz gold and 1.23 oz silver over 6.1 feet.

Speculative excitment in the sharemarket last week resulted in Sabina shares leaping 58p to a year's high of 95p in three trading days before trading was suspended. It was resumed in Canada yesterday and in late London dealings a price of 170p emerged.

Mr Bill Cummins, Sabina's president, said that high grade gold intersections have occurred at the property for a considerable distance to the south of the earlier 1983 drilling.

"It now appears," he adds, "that there are a number of high grade zones that will pinch and swell laterally along strike (lateral direction) as has been the experience with other properties in the Red Lake camp."

Drilling has recommenced to ascertain whether this is the case before proceeding with an underground programme.

As already reported, previous work on the property has established 128,000 tons of mineralisation grading 0.31 oz (9.6 grammes) gold per ton and 1.2 oz silver to a depth of 351 feet at the "D" zone which is still open along strike and at depth.

A certain amount of underground development work has been done in the property in the past and Sabina intends to carry out further underground work as soon as possible.

The main effort now is to prove up as much ore as possible to justify a mining operation. The problem with this mining camp, the home of the great Campbell Red Lake gold mine, is that the ore deposits are not consistent.

"They come and they go and this keeps repeating," says Mr Cummins. It is thus difficult to prove up large ore reserves and even mines like Campbell seldom have much more than about two years' reserves ahead of the mill. But Campbell has been going since 1949. Whether Sabina will also be lucky remains to be seen.

Cement Roadstone profits warning

CONDITIONS in the home market for Dublin-based Cement-Roadstone Holdings are so depressed that the group is facing a trading loss and is depending on its businesses abroad to keep it in profit.

Revealing this at the AGM Dr Michael Dargan, the chairman, told shareholders that the combined effect of the depression of Government policies was proving only too true and that the group was looking at a likely decrease in its cement volume of some 20 per cent during 1983.

Following the Budget the directors set a profit budget for the group at the "low figure of £5m." However, he commented that trends in the months since then had made it even more difficult for the group.

Dr Dargan said that cost reductions and major changes the group had made to counter imports and improve new markets would only partially relieve the pressures on this year and next year. However, he expected restoration of profit growth thereafter.

Shareholders were told that only a broad reduction in Government current expenditure would allow business in the home market to recover and sustain employment.

Regarding the Government ACT intentions, and taking this into account, and taking a commercially prudent view of dividend cover, Dr Dargan warned that dividends would be proportionately harder hit than the amount of profits.

Edith advances

Revenue of Edith, investment company, increased from £2.23m to £2.32m for the year ended March 31 1983, after tax of £1.08m against £1.04m.

Earnings per 25p share are shown as 2.36p (2.28p) and the dividend is effectively raised to 2.3p (2.21p adjusted) with a final of 1.5p.

BASE LENDING RATES

A.B.N. Bank	10 %
Al Baraka International	10 %
Allied Irish Bank	10 %
Amro Bank	10 %
Henry Ansbacher	10 %
Arbuthnot Latham	10 %
Armco Trust Ltd.	10 %
Associates Cap. Corp.	10 %
Banco de Bilbao	10 %
Bank Hapoalim BM	10 %
BCCI	10 %
Bank of Ireland	10 %
Bank Leumi (UK) plc	10 %
Bank of Cyprus	10 %
Bank of Scotland	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	11 %
Barclays Bank	10 %
Beneficial Trust Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	11 %
Castle Court Trust Ltd.	10½%
Cayzer Ltd.	10 %
Cedar Holdings	10 %
■ Charterhouse Japhet	10 %
Choulartons	11 %
Citibank Savings	¶10 %
Clydesdale Bank	10 %
C. E. Coates	10½%
Comm. Bk. of N. East	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
E. T. Trust	10½%
Exeter Trust Ltd.	11 %
First Nat. Fin. Corp.	12½%
First Nat. Secs. Ltd.	12 %
Robert Fraser	10½%
■ Guinness Mahon	10 %
Grindlays Bank	‡10 %
■ Hambros Bank	10 %
Heritable & Gen. Trust	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Hongkong & Shanghai	10 %
Kingsnorth Trust Ltd.	11 %
Knowsley & Co. Ltd.	10½%
Lloyds Bank	10 %
Mallinhall Limited	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich Gen. Tst.	10 %
P. S. Refson & Co.	10 %
Roxburghe Guarantee	10½%
Royal Trust Co. Canada	10 %
Slavenburg's Bank	10 %
Standard Chartered	‖10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
TCB	10 %
United Bank of Kuwait	10 %
Volkskas Intl. Ltd.	10 %
Westpac Banking Corp.	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Wintrust Secs. Ltd.	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.75%. 1-month 7.00%. Short-term £8,000/12-months 9.35%.
† 7-day deposits on sums of: under £10,000 6¾%. £10,000 up to £50,000 7¾%. £50,000 and over 8½%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £7,000 7¾%.
§ Demand deposits 6¾%.
¶ Mortgage base rate.

UK COMPANY NEWS

Cookson sees signs of better results

MR IAN G. BUTLER, chairman of Cookson Group, says in his annual statement there are more consistent signs that demand is at a better level. Recovery has not yet had an impact on all group operations, but there are definite signs of improvement in several activities, and, if this marginal increase is maintained or improved, better group profits will certainly be achieved for 1983.

As reported on April 8, pre-tax profits of this smelter and non-ferrous metal fabricator fell from £11.3m to £6.4m in 1982. However, an unchanged final of 5.96p holds the dividend total

Current expectations of greater profitability, Mr Butler points out, have not been based on assumptions that the recession has a foreseeable end

The consolidated balance sheet as at December 31 1982 shows shareholders' funds at £186.48m (£181.27m), fixed assets of £67m (£86.03m) and net current assets of £88.11m (£82.53m).

Costain profits dip by £7.6m but payout up 1p

OVERSEAS ACTIVITIES contributed two-thirds of the £709m turnover achieved by Costain Group in 1982. This was £93m higher than that reported for 1981. There was a fall, however, in pre-tax profits, from £47.99m to £40.42m.

The pre-tax figure includes exceptional profits of £2.82m as shown in the accounts of Costain Australia, representing a profit of £8.69m, less losses of £5.87m.

Mr C. T. Wyatt, chairman of this construction and development group, says the lower profits reflect, to a large extent, adverse results in Australia and Canada.

He points out, however, that the Thames flood barrier in London was completed ahead of schedule and below target cost. Other highlights of the year were the development of a new and highly productive seam at the Pyro coalmine in Kentucky; the establishment of Costain Process International to undertake project management and joint ventures in the process industry, and the securing of addditional contracts in the Middle East and Nigeria.

Mr Wyatt says it is too early in the year to make a profit forecast, but he expects to see a further addition to shareholders' funds—which at the year-end increased to £203m—and continued increased growth in 1983.

The total dividend for 1982 is raised from 11p to 12p net with a final up from 6.5p to 7p, and this absorbs £7.65m (£6.12m).

Tax for the year dropped from £7.76m to £6.44m, and after minorities of £7.17m (£6.82m) and extraordinary credits of £1.9m (£4.85m), attributable profits were down from £38.27m to £28.71m. Stated earnings per 25p share were 38.6p against 48.1p.

On a CCA basis, pre-tax profits were £33.52m (£40.68m) and earnings per share were 29.8p (38.4p).

See Lex

Ellis & Goldstein down year end

DESPITE slightly higher second half pre-tax profits of £924,000, against £908,000, Ellis and Goldstein (Holdings), women's coats and costumes manufacturer, finished the January 31 1983 year down from £1.42m to £1.03m.

The dividend is maintained, however, at 2.15p net per 15p share with a same-again final of 1.3p. Group turnover amounted to £40.88m, compared with £39.72m.

Wholesale sales were again slightly down from £14.15m to £13.96m and directors say that there continues a decline in the number of independent customers, but both the volume and value of sales to multiples, particularly of knitwear, has grown.

Retail sales — £26.92m (£25.57m)—increased both at home and abroad, however, while trading at this level during the second half showed a return to the normal trading pattern, the abnormal cost of writing down residual stocks having been confined to the spring season, directors point out.

The directors say that wholesale sales continue to be difficult although sales of the group's traditional ranges in the shops within stores are a little ahead of last year, and on a more profitable basis.

Pre-tax figure was after depreciation of £557,000 (£544,000), and interest payable of £150,000 (£81,000), but included short-term interest receivable amounting to £45,000 (£136,000).

After tax, £177,000 (£276,000) earnings per share are shown as 3.7p, compared with 5p.

● comment

The tide of casualties among Ellis and Goldstein's small wholesale customers which hit the group so badly in the first half has abated. But wholesale turnover, now accounting for 35 per cent of the total, continues to decline marginally. The principal thrust of the £924,000 advance since the interim comes from the retail side, responding to a sales upturn at E&G's shops within stores and the introduction of the Dash range of upmarket sports leisure wear, which has elicited an enthusiastic response from customers in the final quarter. This will become increasingly important to E&G, which has installed 30 Dash units and plans 70 more at a cost of £280,000 by the end of the year. The first half was also abnormally burdened by an unsuccessful foray into summerwear, which took a heavy toll on margins. Assuming this trauma does not repeat itself in the current year and demand continues to improve, at least £1.25m pre-tax looks possible this time. On yesterday's unchanged share price of 29p, that puts E&G on a prospective fully taxed multiple of 10.8.

Prince of Wales Hotels ahead at £583,000

Second half pre-tax profits at Prince of Wales Hotels rose from £418,000 to £547,000 and figures for 1982 as a whole were up from £439,000 to £583,000.

Turnover of this Merseyside-based hotelier and restaurateur improved from £9.41m to £11.63m. Trading profits showed a slight improvement from £1.01m to £1.1m. The pre-tax profit was after interest charges down from £562,000 to £514,000. There was an extraordinary credit of £12,000 last time.

Tax took £31,000 against a credit of £157,000, which was after release of £206,000 deferred tax.

The final dividend is raised from 1.25p to 1.5p net for a total up from 2p to 2.25p at a cost of £125,000 (£103,000).

Stated earnings per 25p share were down from 12.33p to 10.36p.

British Inv. Trust

Attributable revenue of the British Investment Trust advanced from £5.83m to £6.89m in the 12 months to March 31 1983 and the year's dividend is being raised from 9.2p to 10.6p, with an increased final of 5.8p net, compared with 5p. Earnings per 25p share are stated as moving ahead from 9.33p to 11.03p.

Total revenue rose by £1.63m to £11.2m and tax took £3.66m (£3.09m). Net assets per share are given as 336p (249p).

Rotaflex falls to £0.8m after rationalisation costs

AFTER A rise in exceptional rationalisation costs from £153,300 to £338,300 taxable profits of light fittings and bathroom and shower appliances manufacturer Rotaflex fell from £1.08m to £843,300 in 1982.

However the year's dividend is being raised from 2p to 2.2p net per 10p share by an increased final of 1.6p (1.4p). Earnings per share are given lower at 4p (6.6p) on a net basis and at 5.5p (7.5p) on a nil distribution basis.

Of the rationalisation costs £168,000 represents a provision against redundancies effected and paid in February 1983. The directors say this action has been taken to clear the decks once and for all with the intention of there being no exceptional costs in 1983.

Therefore the company will derive increased benefit from economies in production and overheads. The directors are concentrating efforts in developing new products and new businesses that will generate growth in their own right. In this way, the company can make good progress whether or not there is an upturn in the economy they say.

Sales in the year under review rose from £25.78m to £28.11m and the increase in market share related entirely to new products introduced during 1981 and 1982.

In 1982 the company invested substantially in new joint ventures. One was the Lighting Workshop with a retail store, demonstration theatre, design studio, technical advice centre and consultancy service located in Covent Garden, London.

Electropatent was set up with Electra Risk Capital to realisé a new concept of distribution of electrical power within premises offering large savings in installation costs. Concord Controls, a joint venture with Prutech will provide a comprehensive range of electrical management controls for offices and commercial premises.

Tax took £271,500 (£341,000) and there were extraordinary debits of £76,100 (£117,400).

● comment

Rotaflex's pre-tax profits turned out right in line with outside forecasts, and the 4p drop in the share price to 52p seems more a reflection of a very weak day in the market generally. Nevertheless the revelation that the GLC is blocking the planned development of the City Road site is particularly irritating after the company had been so assiduous in informing the city of the project's potential. Chastened, Rotaflex is now noticeably coy of revealing all the details about its joint venture projects with Electra and Prutech. Despite the 20 per cent fall in attributable profit the company is confident enough about current trading to propose the first real dividend increase in five years. This year, if Rotaflex can break the tradition of a decade and avoid exceptional costs, pre-tax profits could come close to 1977's record of over £1.5m. If so, the shares are on a prospective multiple of 8.

Crystalate soars 62% to £1.4m

INTERIM pre-tax profits of Crystalate Holdings advanced to £1.41m, a 62 per cent improvement over the £870,000 returned for the same period last year, and prospects for the future are described as "excellent."

However, chairman Mr John Leworthy points out that although the group has a continuing strong order book and new products are now coming on stream start-up costs of projects are expected to make initial inroads into margins and profits for the second half are not expected to achieve the same degree of improvement as those of recent years.

The net interim dividend is being stepped up from 0.875p to 1.26p per 5p share to narrow the gap between interim and final payments—a total of 2.415p was paid for 1981-82 when pre-tax profits totalled £2.39m.

Sales for the first six months, to March 31 1983, expanded by 24 per cent to £11.48m (£9.28m) with all subsidiaries showing improvements. Operating profits amounted to £1.43m (£891,000) to which investment income added £98,000 (£140,000). Interest charges accounted for £115,000 (£161,000).

Stated earnings per share emerged at 4.69p (3.15p), an increase of 49 per cent, after a higher tax charge of £702,000 (£403,000).

● comment

Despite success in increasing sales elsewhere Crystalate has been unable to reduce its dependence on BT. Strong demand from BT keeps sales to this customer well over half the total. While BT remains in state hand there is always the risk that this business can be temporarily choked off by non-commercially based decisions. But the present outlook is for sales to BT to remain healthy. Faced with a continual downward pressure on prices in high volume electronics Crystalate sees its particular strengths on higher margin specialised small batch runs, but it still has to look to efficiency gains through slimming and automation of product lines to aid volume and margins. It is the incidence of the low margin start for new products and factory extensions that will curb second half growth but this represents part of the normal development of a thriving business. Shares yesterday, affected by general market sentiment, slipped 7p to 178p but performance is well in line with expectations and over £3.2m pre-tax appears easily attainable for full time. This puts the fully taxed prospective p/e at a realistic 17 despite the tightness of the market in the shares.

RESULTS AND ACCOUNTS IN BRIEF

OUTWICH INVESTMENT TRUST—Final 1.65p making 2.4p (2.25p) for year to March 31, 1983. Revenue from investments £3.12 (£2.85). Underwriting commissions £10,117 (£20,887). Bank and Loan interest £134,217 (£122,412). Expenses of management £180,398 (£167,839). Interest payable £135,750 (£135,750). Revenue before tax £2.95m (£2.68m). Tax £987,386 (£885,182). Earnings per 25p share 2.72p (2.42p). Net assets per share 115.3p (85.2p).

BISHOPSGATE TRUST — Results for year to March 31 1983. Final dividend 2.3p making 3.5p (same). Figures in £000: Income £1,724 (£1,629): Expenses £356 (£248): pre-tax revenue £1369 (£1,381): tax £494 (£498). Earnings per share 3.45p (3.58p). Net asset value 171.6p (120.1p).

THAMES INVESTMENT & SECURITIES—No interim dividend (1.88p) for the six months to the end of November 1982 for this USM stock. Turnover £592,000 (£1.02m). Pre-tax loss £89,000 (profit £85,000). Tax nil (credit £8,000). Extraordinary credits £22,000 (£4,000). Basic losses per share 3.07p (earnings 2.33p), fully diluted loss 1.19p (earnings 2.46p).

Sears Holdings up to £113.5m after good second half

AN INCREASE of £10m in second half pre-tax profits at Sears Holdings has lifted this footwear retailer, department stores, jewellery and retailing group to £113.5m for the year ended January 31 1983, compared with £104m previously.

Turnover for the 12 months moved ahead from £1.49bn to £1.6bn and the dividend is increased to 2.8p (2.5p) net per 25p share with a final payment of 2.1p. Also proposed is a one-for-two scrip issue.

Mr Leonard Sainer, chairman, says that there was a distinct improvement in trading conditions from November which gave rise to a sharp upturn in profits in most of the businesses.

A divisional analysis of turnover and trading profits—£113.2m (£102.7m)—shows footwear retailers £564.5m (£502.3m) and £64.3m (£65.6m); department stores, jewellery and other retailing £375.9m (£348.9m) and £24.5m (£19.1m); motor vehicle sales, service, delivery £185.3m (£151m) and £8.1m (£6m); licensed betting offices £380.5m (£361.9m) and £6.3m (£6m) property £34.7m (£31.6m) and 8.8m (£8.7m); engineering £7.3m (69.9m) and £1.2m (£2.9m loss); linen hire and industrial laundries (sold January 1982) £27.2m and £1.6m last time; internal sales £1.5m (same).

Footwear results were satisfactory in the UK and Europe but as a result of the weak U.S. economy which affected the contribution from Butler Shoe—down from £8.1m to £5.5m—the outcome as a whole was slightly lower, the chairman explains.

The motor vehicle sector performed well; the group's strong association with Vauxhall, coupled with increased Ford sales, accounted for a 23 per cent increase in profits.

Mild weather and favourable racing results towards the year end accounted for a strong second half performance by the William Hill Organisation, giving a 5 per cent increase in profits for the full year.

Property development and investment produced an increase of 31 per cent which was largely attributable to increased sales of houses, with Galliford selling some 700 units, 30 per cent more than the year before.

The Engineering division produced the first profit "for some years," Mr Sainer says. The turn-round is attributable to disposals and the closure of loss-making subsidiaries.

Pre-tax figure included non-trading credits of £2.5m (£6.5m) and was after interest of £3.4m (£6.2m). After tax, £45.7m (£39.2m), minority interests, £0.6m (£1m), preference payments, £0.2m (same), and much lower extraordinary debits of £3m (£20.9m), the attributable balance came through well ahead at £84m, against a previous £42.7m.

After the extraordinary items earnings per share are shown as 7.1p, compared with 4.8p. Before the same items they were 7.5p (7.1p).

Dividend cost will absorb £25.1m, against £22.4m, leaving £38.9m (£20.3m) to be added to reserves.

A professional valuation of the majority of the group's freehold and leasehold properties—with over 25 years before rent review—revealed a surplus of £119m which will be added to group reserves. A surplus of £76m on the shorter leases will not be taken up in the balance sheet.

As reported on May 7, Sears has purchased a 20 per cent stake in Central TV for £7m, the group's first move into television.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Dencora, G.R. (Holdings), Jessups, Trafalgar House, Whessoe, Yorkshire and Lancashire Investment Trust.

Finals: Aberdeen Construction, City of Oxford Investment Trust, Coats Patons, Dares Estates, Ellerman Lines, External Investment Trust, Feedex Agricultural Industries, Matthew Hall, Kwik-Fit (Tyres and Exhausts), Lee Cooper, Spear and Jackson International, Witan Investment.

FUTURE DATES

Interims—	
Canvermoor	May 18
Management Agency & Music	May 20
McCorquodale	June 7
Mettoy	May 18
Vaux Breweries	May 12
Finals—	
Gieves	May 17
Goldberg (A.)	May 20
Mersey Docks and Harbour	May 17

New York's Health-Chem seeks London SE listing

HEALTH-CHEM, a U.S. health care and pest control products company, plans to seek a full listing on the London Stock Exchange.

The company, based in New York and quoted on the American Stock Exchange, stressed it was in the preliminary stages, but Mr Marvin Speiser, chairman and president, said: "I will be most disappointed if we don't get a listing before September."

Health-Chem manufactures time-release delivery systems for pheromone (sex attractant) baits and traps, designed to control insects such as the Japanese beetle, gypsy moth and Mediterranean fruit fly.

Last year, however, the company reached agreement with several big pharmaceutical companies for the development of health care products using controlled release technology, and the company now considers pharmaceuticals its most important area of potential growth of profits and sales.

Revenues were $66m (£41.7m) last year, against $72.3m in 1981, while net earnings fell from $2.9m to $930,000.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to County Bank Currency Fund Limited. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion. All the Directors accept responsibility accordingly.
A copy of this Prospectus having attached thereto the documents specified herein has been delivered to the Registrar of Companies in England and Wales for registration. Copies of this Prospectus, subsequent Prospectuses and Application Forms may be obtained from the Managers.
Application has been made to the Council of The Stock Exchange for the Participating Redeemable Preference Shares of each class of the Fund to be admitted to the Official List. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

COUNTY BANK CURRENCY FUND LIMITED

(A company incorporated with limited liability in Jersey on 3rd May, 1983 under the provisions of the Companies (Jersey) Laws 1861 to 1968)

Managed by

National Westminster Jersey Fund Managers Limited

OFFER FOR SUBSCRIPTION OF UP TO 50,000,000 PARTICIPATING REDEEMABLE PREFERENCE SHARES OF US 1 cent EACH IN THE CLASSES AND AT THE PRICES SET OUT BELOW:

Dollar Shares at $20 each Sterling Shares at £10 each Deutschemark Shares at DM 50 each Dutch Guilder Shares at DFl 50 each Japanese Yen Shares at Yen 5,000 each

SHARE CAPITAL

Authorised		Issued or to be issued
US$1,000	Management Shares of US$1 each	US$1,000
US$500,000	Unclassified Shares of US 1 cent each	up to US$500,000

INDEBTEDNESS

At the close of business on 5th May, 1983 the Fund did not have any debentures, loan capital (including term loans) outstanding or created but unissued nor any other borrowings, mortgages, charges or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances or acceptance credits, hire-purchase commitments, guarantees or any other material contingent liabilities.

The Subscription Lists for the initial offer of the Participating Redeemable Preference Shares will open at 11.00 a.m. on Thursday, 26th May, 1983 and will close as soon thereafter as the Fund may decide.

Participating Shares of each class of the Fund are offered on the basis of the information and representations contained in this document and any further information given or representations made by any person must be regarded as unauthorised.
The consent of the Finance and Economics Committee of the States of Jersey under the Control of Borrowing (Jersey) Order, 1958 (as amended) and the consent of the Advisory and Finance Committee of the States of Guernsey under the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 to 1976 have been obtained for this issue. It must be distinctly understood that in giving these consents neither of the Committees takes any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them.
This document is based on the law and practice currently in force in Jersey, Switzerland and the United Kingdom and is subject to changes therein.
The Participating Shares have not been registered under the Securities Act of 1933 of the United States of America and, except in the case of a transaction which does not violate the US securities laws, it is prohibited for the Fund, the Managers or any other person to offer any Shares for sale, or sell any Shares to any other person for offering or re-sale, directly or indirectly, in the United States of America or to any US person. For the purposes of this paragraph the United States of America includes its possessions, its territories and all areas subject to its jurisdiction and a US person is a national, citizen or resident of the United States of America or a corporation or partnership organised under the laws of the United States of America.
In this document "Dealing Days" and "Settlement" refer to dealing days of, and settlement with, the Fund and should not be construed as references to Stock Exchange practice. The minimum holding period of 14 days referred to in the Summary does not affect shareholders' ability to deal in the Shares on The Stock Exchange.

GLOSSARY

$ or Dollars	United States Dollars
the Fund	County Bank Currency Fund Limited
Participating Shares or Shares	Participating Redeemable Preference Shares of US 1 cent each
the Managers	National Westminster Jersey Fund Managers Limited
the Custodian	National Westminster Jersey Trust Company Limited

COUNTY BANK CURRENCY FUND LIMITED

Directors
JOHN ALFRED ROBERT GREEN *(Chairman)*,
Wellow Cottage, 7 Folleigh Drive, Long Ashton, Bristol.
JAMES EDWARD HALL,
Le Foyer, 2 Grouville Park, Jersey.
GEORGES HANGARTNER,
Weberacher 4, Zumikon, Switzerland.
DERYCK KEITH MISSELBROOK,
La Trouvaille, Avenue Beauvais, Ville-au-Roi, St. Peter Port, Guernsey.
MICHAEL JAMES MURPHY,
Brendon, L'Hyvreuse Avenue, St. Peter Port, Guernsey.
JOHN BAIRD SHERRIFF,
Greenways, Park Grove, Chalfont St. Giles, Buckinghamshire.
MICHAEL GEORGE PRIAULX TOURTEL,
Villa Pembury, La Grande Route de St. Jean, St. Helier, Jersey.

Registered Office
P.O. Box No. 6, 23/25 Broad Street, St. Helier, Jersey, Channel Islands.
Telephone No. (0534) 70041. Telex No. 4192077.

Managers, Secretaries and Registrars
NATIONAL WESTMINSTER JERSEY FUND MANAGERS LIMITED,
P.O. Box No. 6, 23/25 Broad Street, St. Helier, Jersey, Channel Islands.

Custodian
NATIONAL WESTMINSTER JERSEY TRUST COMPANY LIMITED,
P.O. Box No. 6, 23/25 Broad Street, St. Helier, Jersey, Channel Islands.

Auditors
PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants,
Equity and Law House, 19/23 La Motte Street, St. Helier, Jersey, Channel Islands.

Bankers
NATIONAL WESTMINSTER BANK PLC,
P.O. Box No. 20, 23 Broad Street, St. Helier, Jersey, Channel Islands.

Legal Advisers
MICHAEL VOISIN & CO.,
Templar House, Don Road, St. Helier, Jersey, Channel Islands.
TRAVERS SMITH, BRAITHWAITE & CO.,
6 Snow Hill, London EC1A 2AL.

Stockbrokers
GRIEVESON, GRANT AND CO.,
Barrington House, 59 Gresham Street, London EC2P 2DS.

Investment Adviser
COUNTY BANK LIMITED,
11 Old Broad Street, London EC2N 1BB.

INVESTMENT POLICY

The Directors believe that, in a world of volatile interest rates and uncertain economic conditions, the Fund's objectives are best achieved through active management of funds across a wide range of short-term money market instruments of high credit standing. Accordingly, individual investments will normally have a life to maturity of less than 12 months and the average life to maturity of the investments in each currency portfolio is unlikely to exceed 120 days. Within each portfolio it is intended that a minimum of 25 per cent. of the investments will be realisable at two days' notice and a further 25 per cent. at seven days' notice.

The purpose of a short maturity structure is to reduce the risk of capital loss during a period of rising interest rates. Shareholders should, however, be aware that, while the value of a Participating Share of any class will normally rise as income accrues on the Fund's investments, circumstances such as a marked rise in interest rates could result in a decline in the value of a Participating Share of the class concerned.

Investments will consist primarily of short-term deposits placed in the eurocurrency interbank or domestic sterling markets, Certificates of Deposit and other negotiable money market instruments including Treasury Bills and Bankers Acceptances. Floating Rate Notes and Floating Rate Certificates of Deposit may also be purchased where these offer attractive rates of return; the maturity of these instruments will be treated as occurring on the date on which the interest rate is next due for review. The Fund will invest primarily in assets on which the income is payable to the Fund without deduction of withholding tax.

No investment will be made unless the borrower is eligible for at least an 'A' rating or equivalent by Moody's or Standard & Poor's or, in the absence of such rating, is considered of similar standing by the Managers. In order to ensure a prudent spread of risk, it is intended that investment in any one borrower (other than an 'AAA' rated sovereign borrower) will normally be limited to a maximum of 10 per cent. of any one portfolio. However, if the value of a currency portfolio is less than $10 million or currency equivalent, the Managers are not required to make individual investments of less than $1 million or its equivalent.

Within each currency portfolio the Fund will normally acquire investments payable in the currency in which the Shares of the relevant class are designated. However, within any currency portfolio, the Fund may maximise the return in that currency through the purchase of investments denominated in other currencies provided that the expected proceeds of such investment are sold forward for the relevant currency so as to eliminate any risk of exchange loss.

ADMINISTRATION, FEES AND EXPENSES

Managers
National Westminster Jersey Fund Managers Limited, the Managers of the Fund, is a company incorporated and resident in Jersey and a wholly owned subsidiary of National Westminster Bank PLC. Pursuant to a Management Agreement between the Fund and the Managers, they are responsible to the Directors for the Fund's day to day management and administration, and for the implementation of its investment policy in accordance with the instructions of the Directors.

Custodian
National Westminster Jersey Trust Company Limited, the Custodian of the Fund, is a company incorporated and resident in Jersey and a wholly owned subsidiary of National Westminster Bank PLC. The assets of the Fund will be held by the Custodian or to its order.

Investment Adviser
County Bank Limited, the merchant banking subsidiary of National Westminster Bank PLC, will act as Investment Adviser to the Managers and the Fund. It has considerable experience of handling investments worldwide and now manages or advises on funds in excess of £2,800 million for its clients. In recent years its Investment Division has developed particular expertise in the management of the surplus liquidity of corporate clients on both a discretionary and advisory basis. The Managers will draw on the experience of County Bank which will provide continuous advice on the investment of the Fund's assets.

SUMMARY

Objectives
The Fund offers a means by which corporate investors or individuals can obtain the advantages of professional money management and, in addition, aims to provide the following benefits:—
— rates of return in line with those available in the wholesale money markets in any of the currency classes being offered;
— a high degree of liquidity and capital protection through investment by the Fund in cash or in short-term money market instruments of high credit standing;
— the ability to realise returns as an increase in capital value rather than *through the distribution of dividends on the Participating Shares;*
— a means of enabling shareholders to match their foreign exchange liabilities in the appropriate currency;
— the flexibility of rapid redemption facilities which will enable shareholders to have access to money at only two business days' notice.

Structure
The Fund was incorporated in Jersey on 3rd May, 1983 and operates on similar principles to a unit trust or mutual fund; it can issue and redeem Participating Shares at prices based on its net asset value. Up to 50,000,000 Participating Shares of US 1 cent each are being offered for subscription in registered form in the classes and at the prices set out below:—

Class of share	Price
Dollar Shares	$20 each
Sterling Shares	£10 each
Deutschemark Shares	DM 50 each
Dutch Guilder Shares	DFl 50 each
Japanese Yen Shares	Yen 5,000 each

A separate portfolio of investments will be maintained for each class of Shares and all subscription and redemption money will be paid in the currency of the relevant class (except in the case of Yen Shares for which the procedure shown below should be followed). There is no foreign exchange risk within the share class selected by the investor.

Dealings
Dealings will take place every day on which banks are open for business in both Jersey and London. The Managers will value Shares and arrange for their issue, redemption and exchange on each of these days.

Dividend Policy
It is not the present intention of the Directors to declare dividends. All income will be accumulated in the appropriate currency portfolio and share prices will be calculated to reflect each day's accrued income after deduction of any charges.

Minimum Shareholdings
The present minimum investment in each class of shares of the Fund is as follows:—

$ 10,000		£ 5,000
DM 25,000	Yen 2,500,000	DFl 25,000

Holding Period
Shares must be held for a minimum period of 14 days prior to redemption.

Fees
The Managers will receive for their services a fee from the Fund charged weekly at a rate of ¾ per cent. per annum. There is no initial charge.

Taxation
The attention of investors is drawn to the section headed "Taxation".

Information to Shareholders
The first financial period of the Fund will end on 31st October, 1983. Copies of the audited accounts of the Fund, made up to 31st October in each year, will normally be sent to shareholders at their registered addresses in December of each year. In June of each year, shareholders will be sent a half-yearly report on the Fund.

Managers' Fees
The Managers will receive for their services a fee from the Fund charged at a rate of ¾ per cent. per annum, payable weekly and calculated by reference to the daily aggregate net asset value of all the currency portfolios.

The fees of County Bank Limited as Investment Adviser to the Managers and the Fund and National Westminster Jersey Trust Company Limited as Custodian will not be borne by the Fund but will be paid by the Managers out of their fee.

Initial Expenses
The preliminary expenses of establishing the Fund and of the initial issue of Participating Shares will be borne by the Fund, and will be written off at a rate of 0.05 per cent. per annum of the aggregate of the net asset values of the Fund's portfolios. Neither the Managers, the Custodian nor the Investment Adviser are making any charge for their services in connection with the establishment of the Fund.

Continuing Expenses
Certain expenses specified in the Management Agreement are to be paid by the Fund. These include expenses incurred in connection with further issues of Participating Shares, audit, legal and other professional fees, and stamp and other duties and charges incurred on the acquisition and realisation of investments by the Fund. The Fund will also repay to the Managers all out of pocket expenses properly incurred by them in connection with the performance of their services.

TAXATION

Shareholders
Prospective investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, exchanging, selling or redeeming Participating Shares under the laws of their country of citizenship, residence, ordinary residence or domicile.

Subject as mentioned below and depending upon their individual circumstances, shareholders who are resident or ordinarily resident in the United Kingdom will be liable to United Kingdom capital gains tax or corporation tax at the capital gains rate in respect of gains arising from the disposal or redemption of Participating Shares unless the shareholder concerned is regarded for tax purposes as dealing in securities.

The attention of individuals ordinarily resident in the United Kingdom is drawn to Section 478 of the Income and Corporation Taxes Act 1970 and to Section 45 of the Finance Act 1981, which may, in certain circumstances, render them liable to taxation in respect of undistributed income and profits of the Fund.

The attention of companies resident in the United Kingdom is also drawn to the proposals relating to controlled foreign companies contained in the Finance Bill currently being considered by Parliament which may, if enacted in their present form, impose on holders of 10 per cent. or more of a class of Shares a liability to taxation in respect of undistributed profits of the Fund. The Bill as published provides for these proposals to come into force on 6th April, 1984.

The Managers have been advised by Leading Tax Counsel that any exchange of Participating Shares of one class into Participating Shares of another class by a shareholder resident or ordinarily resident in the United Kingdom should not of itself constitute a disposal of Shares of the first class for the purpose of United Kingdom tax on chargeable gains.

Jersey does not levy taxes upon capital, inheritances, capital gains, sales or turnover, nor are there any estate duties. No stamp duty is levied in Jersey on the transfer or redemption of Participating Shares in the Fund.

The attention of Jersey residents is drawn to the provisions of Article 134A of the Income Tax (Jersey) Law 1961 which may render a resident liable to income tax on undistributed income and profits of the Fund.

The Fund
Clearance has been obtained from the Board of Inland Revenue of the United Kingdom under Section 464 of the Income and Corporation Taxes Act 1970 that the provisions of Section 460 of that Act (cancellation of tax advantages from certain transactions in securities) will not apply to the issue, redemption or exchange of Participating Shares.
The Comptroller of Income Tax in Jersey has confirmed that the income of the Fund arising outside Jersey, and deposit interest receivable in Jersey, will be exempt from Jersey income tax. The Fund's liability to Jersey taxation is, therefore, limited to corporation tax, currently levied at a flat rate of £300 per annum.

Meetings of the Board of Directors of the Fund are held in Switzerland, and as a result a small amount of Swiss tax will be payable.

DEALING, SETTLEMENT AND VALUATION

Dealing Days
A Dealing Day of the Fund is any day on which banks in Jersey and London are open for business. On each of these days the Managers will determine the price of Shares of each currency class and arrange for their issue, redemption and exchange.

Settlement
Unless investors have made special arrangements with the Managers as described under the paragraph "Allotment of Shares", Shares will be allotted on receipt by the Managers of cleared funds. Settlement of the proceeds of redemption of Shares will conform with accepted practice in the foreign exchange and eurocurrency markets, where settlement is usually effected on the second business day following a transaction. Settlement will however be deferred if any of the relevant days are not business days in the principal financial centre for the currency concerned or in London or Jersey.

Share Prices
The latest available prices for the Participating Shares will be published daily in the Financial Times and will also be available from the Managers on request.
In normal circumstances there will not be a spread between the issue and redemption prices.

Valuations
The share price will be calculated as at 9.30 a.m. on each Dealing Day on the basis of the net asset value of the investments within each currency portfolio at that day's market prices. The valuation takes account of interest accruing to the date for settlement which will normally be two business days after the Dealing Day. This valuation will provide the basis for the calculation of the prices at which Shares may be allotted and redeemed.

Suspension of Valuations
The Directors have the power to suspend valuation of any particular currency portfolio if in their opinion it is not reasonably practicable for the Fund to dispose of the investments or fairly to determine the value of its net assets or if a breakdown occurs in any of the means normally employed to ascertain such value.

Japanese Yen Shares
In order to comply with Japanese Ministry of Finance requirements the subscription and redemption money of the Japanese Yen class of Shares cannot be paid in Yen. Payment may be made in any of the currencies listed on the application form and on receipt of cleared funds the Fund will effect the necessary foreign exchange transaction. The investments held in the Japanese Yen currency portfolio will, however, at all times be maintained in, or by reference to, Yen.

PROCEDURE FOR APPLICATION, ALLOTMENT, REDEMPTION AND CONVERSION

Application for Initial Offer
The procedure for application for the initial offer of Participating Shares is set out above the application form at the end of this Prospectus. Applications together with payments should be sent so as to arrive at the offices of the Managers not later than 11.00 a.m. on Thursday, 26th May, 1983. Payments by banker's draft or cheque must arrive in time to allow for receipt of cleared funds by 11.00 a.m. on 26th May, 1983.

Minimum Shareholdings
The present minimum investment in each class of Participating Shares is as follows:—

Class of share	Minimum Investment
Dollar	$10,000
Sterling	£5,000
Deutschemark	DM 25,000
Dutch Guilder	DFl 25,000
Japanese Yen	Yen 2,500,000

Application Procedure Following Initial Offer
Following the initial offer, an applicant may normally purchase Shares on any Dealing Day. Applications in respect of which payment is received before 11.00 a.m. will be dealt with that day, while those for which payment is received later than 11.00 a.m. will be held over until the following Dealing Day. Acceptance of application will be acknowledged by the issue of a contract note.
Application may be made by either of the following methods:—

(a) **Telex. Payment should be made by telegraphic transfer.**

Telex applications should be sent to National Westminster Jersey Fund Managers Limited, Telex No. 4192077, and worded as follows:—

"I/We hereby apply to invest .... [*amount and currency*] in Shares of the .... [*state currency*] class in County Bank Currency Fund Limited subject to the Memorandum and Articles of Association of the Fund.

I/We have instructed my/our bank to pay for value on........................ [*date*] that sum *free of charges by telegraphic transfer to*........................
[*name of correspondent bank*]* for account of National Westminster Jersey Fund Managers Limited Account No........................*

Please register the Shares in my/our name(s). I/We hereby declare that the Shares are not being acquired directly or indirectly by a US person nor in violation of any applicable law. I/We hereby declare that I am/we are not resident in Jersey for the purposes of the Income Tax (Jersey) Law 1961.†

From: [*Name(s)*]........................
[*Address*]........................
[*Telephone Number*]........................
[*Telex Number*]........................"

* names of correspondent banks together with relevant account numbers are shown above the application form.

† an applicant unable to make the Jersey residence declaration should omit it.

The applicant should instruct his bank to effect the transfer as detailed above, requesting it to state the applicant's name when making the payment.

(b) **Completion of the application form accompanying the continuing prospectus which will be available from the Managers after the initial offer period. Payment may be made by telegraphic transfer, banker's draft or cheque.**

A banker's draft or cheque, together with a completed application form, should be sent, and made payable, to National Westminster Jersey Fund Managers Limited.
Banker's drafts and cheques should be drawn in the currency of the class of Participating Shares for which application is being made except in the case of Japanese Yen. Although not essential, it will allow more rapid acquisition of cleared funds if cheques are drawn on a bank in a major financial centre of the relevant currency (e.g. New York for Dollars).
Investors in the Sterling share class who pay by banker's draft or cheque may normally expect Shares to be allotted three Dealing Days after application has been received to allow time for the receipt of cleared funds. A longer period may be required for the collection of banker's drafts or cheques in currencies other than Sterling.

Allotment of Shares
Following receipt of the application, Shares will normally be allotted on the day on which the Managers receive cleared funds by 11.00 a.m. at the share price prevailing on that day.
It is anticipated however that the speedy allocation and redemption of Shares will be of crucial importance to a number of investors, in particular corporate treasurers. Accordingly, National Westminster Jersey Trust Company Limited offers to act as nominee and provide special telex arrangements in order to enable substantial shareholders to be allotted or to redeem Shares on the date of application at the share price prevailing on that day for settlement two Dealing Days later. Further details may be obtained on application to National Westminster Jersey Trust Company Limited, P.O. Box No. 6, 23/25 Broad Street, St. Helier, Jersey, Channel Islands. Telephone No. (0534) 70041 ext. 202, Telex No. 4192077.

Redemption
Participating Shares of each class may normally be redeemed on any Dealing Day for settlement two business days later. Instructions to redeem Shares which arrive at the offices of the Managers by 11.00 a.m. will be dealt with that day. Those received after that time will be held over until the following Dealing Day.
Instructions to redeem are given either:—
(a) **By completing and signing the form on the back of the share certificate and forwarding it to the Managers; or**
(b) **By telex in cases where the shareholder has established this facility with National Westminster Jersey Trust Company Limited and has appointed that company to act as nominee on his behalf.**

In each case the shareholder is asked to provide the following information:—
—Number of Shares to be redeemed or amount of cash required;
—Method of payment, i.e. telegraphic transfer or cheque.
—For Japanese Yen Shares, currency in which proceeds are to be paid.
(Provision is made on the back of the share certificate for insertion of these details.)
Redemption proceeds will be remitted by either of the following methods:—
(a) **Payment by telegraphic transfer**
Shareholders requiring payment by telegraphic transfer should supply the following additional information:—
—Bank (in country of relevant currency) to which funds are to be transferred;
—Branch address;
—Account number of shareholder.
Arrangement will normally be made to remit redemption proceeds (less cost of transfers) for value two business days following the relevant Dealing Day (but see "Settlement").

(b) **Payment by cheque**
Cheques for the proceeds of Participating Shares redeemed will normally be posted at the shareholder's risk to the address specified on the back of the completed share certificate not later than the second business day after the relevant Dealing Day (but see "Settlement").

Exchange of Shares
A shareholder may request the Managers to exchange all or part of his holding of Shares in one class for those of another on any day which is a Dealing Day for both such classes. Shareholders should give notice of their intention to exchange by completing and returning to the Managers the exchange notice on the back of the share certificate. Shareholders who have established nominee arrangements with National Westminster Jersey Trust Company Limited may telex their request. Instructions to exchange received by 11.00 a.m. will be dealt with on that Dealing Day. In accordance with accepted procedure in the foreign exchange markets, exchanges will normally be effected for completion two Dealing Days after the date of receipt of instructions by the Managers. The exchange rate will be that ruling at 11.00 a.m. on the Dealing Day.

COUNTY BANK CURRENCY FUND LIMITED

STATUTORY AND GENERAL INFORMATION

Share Capital and Rights
The Fund was incorporated with limited liability on 3rd May, 1983 under the provisions of the Companies (Jersey) Laws 1861 to 1968 with registered number 26162.
The authorised share capital of the Fund is $501,000 divided into 1,000 Management Shares of $1 each and 50,000,000 Unclassified Shares of US 1 cent each. The Unclassified Shares may be issued as Participating Shares of any class or as Nominal Shares. At the date hereof no Participating Shares have been issued. 1,000 Management Shares have been issued for cash at par to the Managers or their nominees.
Except with the consent of the majority of votes cast at a Separate Class Meeting of the holders of the Participating Shares no further Shares in the capital of the Fund, other than Participating Shares of any class, Management Shares and Nominal Shares, shall be issued.
The Management Shares carry one vote each on a poll, do not carry any rights to dividends and, in a winding-up, rank (after return of capital on Participating and Nominal Shares) only for a return of paid up capital thereon.
On issue the Unclassified Shares become either Participating Shares of any class or Nominal Shares. The Participating Shares are divided into different currency classes according to the currency in which they are designated. Initially the Directors have designated classes of Participating Shares in Sterling, Dollars, Deutschemarks, Dutch Guilders and Japanese Yen. Participating shareholders of each class will receive notices of General Meetings and are entitled to attend and vote thereat. On a poll, a holder is entitled to one vote for each Participating Share of any class held. The Articles of Association of the Fund provide that the shareholders of the Fund in General Meeting may declare dividends on any class of Participating Shares (but so that no dividend shall exceed the amount recommended by the Directors) and that the Directors may from time to time if they think fit pay such interim dividends on any class of Participating Shares as appear to the Directors to be justified by the profits of the relevant portfolio. However, the Directors do not at present intend to recommend that any dividends should be declared, nor do they propose to pay any interim dividends. Participating Shares of each class in issue on 31st December, 2082 will be redeemed at the respective redemption prices ruling on such day.
Nominal Shares shall be issued only to the Managers for cash at par and only for the purpose of providing funds for the redemption at par of the nominal value of Participating Shares of the various classes. Nominal Shares may be converted into Participating Shares of any class at any time on payment of a sum equal to the appropriate subscription price for the class concerned less an amount equivalent to the nominal value thereof. Holders of Nominal Shares are entitled to receive notices of General Meetings and to attend and vote thereat. On a poll the Managers are entitled to one vote only in respect of all Nominal Shares held. Nominal Shares do not carry the right to any dividend and any such shares in issue on 31st December, 2082 will be redeemed at par on such day.

Rights on a winding-up
In the event of the Fund being wound up the Liquidator will apply the assets of the Fund in satisfaction of creditors' claims in such manner and order as he thinks fit. The assets available for distribution among the Members will then be applied in the following priority:—
(a) First in the payment to the holders of the Participating Shares of each class of a sum in the currency in which that class is designated (or in any other currency selected by the Liquidator) as nearly as possible equal (at the middle-market rate of exchange prevailing in the foreign exchange market at a time selected by the Liquidator which is within fourteen days immediately preceding the date of such payment) to the nominal amount of the Participating Shares of such class held by such holders respectively provided that if there are not sufficient assets available in the relevant portfolio to enable such payment to be made, recourse will be had:—
  (i) first to the assets of the Fund not comprised within any of the portfolios; and
  (ii) secondly, to the assets remaining in the portfolios for the other classes of Participating Shares (after payment to the holders of the Participating Shares of the classes to which they relate of the amounts to which they are respectively entitled under this paragraph (a)) *pro rata* to the total value of such assets remaining within each such portfolio.
(b) Secondly, in the payment to the holders of the Nominal Shares of sums up to the nominal amount paid up thereon out of the assets of the Fund not comprised within any of the portfolios remaining after any recourse thereto under paragraph (a) (i) above. In the event that there are insufficient assets as aforesaid to enable such payment to be made in full, no recourse will be had to the assets comprised within any of the portfolios.
(c) Thirdly, in the payment to the holders of the Management Shares of the nominal amount paid up on the Management Shares held by them out of the assets of the Fund not comprised within any of the portfolios after any recourse thereto under paragraphs (a) and (b) above. In the event that there are insufficient assets as aforesaid to enable such payment to be made in full, no recourse will be had to the assets comprised within any of the portfolios.
(d) Fourthly, in the payment to the holders of each class of Participating Shares of any balance then remaining in the relevant portfolio, such payment being made in proportion to the number of Participating Shares of that class held.
(e) Fifthly, in the payment to the holders of the Nominal Shares of any balance then remaining and not comprised within any of the portfolios, such payment being made in proportion to the number of Nominal Shares held.

Variation of Rights
The special rights attached to any class of Shares may (unless otherwise provided by the terms of issue of the Shares of that class) be varied or abrogated either whilst the Fund is a going concern or during or in contemplation of a winding-up, with the consent in writing of the holders of three-fourths of the issued Shares of the class, or with the sanction of a Resolution passed at a separate meeting of the holders of the Shares of the class by a majority of three-fourths of the votes cast at such a meeting, but not otherwise. The Directors may treat all the classes of Participating Shares as forming one class if they consider that all such classes would be affected in the same way by the proposals under consideration and that there would be no conflict of interest between them. To every such separate meeting all the provisions of the Articles of Association relating to General Meetings of the Fund or to the proceedings thereat shall, *mutatis mutandis*, apply except that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued Shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum) and that every member of that class shall on a poll have one vote for each Share of the class held by him.
The rights attached to each class of Participating Shares shall be deemed to be varied by the creation or issue of any Shares (other than Participating Shares of any class) ranking *pari passu* with or in priority to them as respects participation in the profits or assets of the Fund.
Subject to the above paragraph, the special rights conferred upon the holders of any Shares or class of Shares issued with preferred or other special rights shall (unless otherwise expressly provided by the conditions of issue of such Shares) be deemed not to be varied by:—
(a) the creation, allotment or issue of any Shares ranking in any respect *pari passu* therewith but in no respect in priority thereto, or
(b) by the creation, allotment or issue of Management Shares, or
(c) by the creation of Unclassified Shares, or
(d) by the allotment, issue or redemption of Participating Shares of any class, or
(e) by the exchange of Participating Shares of any class into Participating Shares of another class as provided for in the Articles of Association, or
(f) by the allotment, issue or redemption of Nominal Shares, or
(g) by the conversion of Nominal Shares into Participating Shares as provided for in the Articles of Association, or
(h) by the exercise of the powers to allocate assets and charge liabilities to the various portfolios and to transfer the same to and from portfolios as referred to herein.

Currency Portfolios
The Fund maintains a separate portfolio for each class of Participating Shares, to which the assets and liabilities and income and expenditure attributable or allocated to such class of Participating Shares are applied or charged subject to and in accordance with the following provisions:—
(a) The proceeds from the allotment and issue of each class of Participating Shares are applied in the books of the Fund to the portfolio established for that class of Participating Shares, and the assets and liabilities and income and expenditure attributable thereto are applied to such portfolio subject to the provisions set out below.
(b) The proceeds from the conversion of Nominal Shares into Participating Shares of any class, together (wherever possible) with an amount equivalent to the nominal value thereof, are applied to the portfolio established for that class of Participating Shares.
(c) Any assets derived from any other assets (whether cash or otherwise) comprised in any portfolio are applied to the same portfolio as the assets from which they were derived and any increase or diminution in the value of such assets is applied to the relevant portfolio.
(d) In the event that there are any assets of the Fund (not being attributable to the Management Shares or Nominal Shares) which the Directors do not consider are readily attributable to a particular portfolio or portfolios, the Directors shall allocate such assets between the portfolios in such manner and on such basis as they, in their discretion, deem fair and equitable, and may vary such basis from time to time.
(e) Each portfolio shall be charged with the liabilities of the Fund in respect of or attributable to that portfolio and any such liabilities of the Fund not readily attributable to any particular portfolio or portfolios shall be allocated and charged by the Directors in such manner and on such basis as the Directors, in their discretion, deem fair and equitable, and the Directors may vary such basis from time to time.
(f) If, as a result of a creditor proceeding against certain of the assets of the Fund or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (e) above, or in any similar circumstances, the Directors may transfer any assets to and from any of the portfolios.
(g) Where the assets of the Fund attributable to Nominal Shares give rise to any net profits, the Directors may, but are not obliged to, allocate assets representing such net profits to such portfolio or portfolios as they deem appropriate.
There are no portfolios maintained for the Nominal Shares or the Management Shares although in the books of the Fund the assets of the Fund attributable thereto are (except as provided in paragraph (g) above) kept separately from the portfolios for the Participating Shares.

Issues, Redemptions and Exchanges
The Articles of Association provide that, after the initial issue of Participating Shares and except when there is a suspension of valuations, further Participating Shares of each class may be issued on any Dealing Day at a subscription price per Participating Share not less than that determined by assessing the net asset value of the relevant currency portfolio on the relevant Dealing Day adding a provision for duties and charges payable on acquisition of the whole of the relevant portfolio, deducting the net undistributed income of the Fund if the Directors are operating an Equalisation Account in relation to that class of Participating Shares (but not otherwise) and dividing the amount so calculated by the total number of Participating Shares of the relevant class in issue and deemed to be in issue. The total amount per Share payable by an applicant is then rounded upwards to the nearest minimum unit of the relevant currency.
The Articles permit the Managers to make an initial charge not exceeding 5 per cent. of the issue price but it is not intended at present to make such charge.
Notwithstanding the foregoing provisions the Directors are entitled to make fixed price offers of Participating Shares at the most recently ascertained subscription price subject to the terms of the Articles of Association.
The price quoted in respect of Shares of each class will normally be both the subscription price and the redemption price with respect to that class. However, the Managers reserve the right to apply a redemption price lower than the subscription price if, for example, investments have to be realised before maturity or at short notice in order to meet redemption requests.
The total amount per share payable to the shareholder is rounded downwards to the nearest minimum unit of the relevant currency (the Managers being entitled to the rounding down adjustment on Shares redeemed or purchased by them).
The Fund may refuse to redeem any Participating Shares or to register any transfer of Participating Shares if, as a result of such registration or transfer, an investor would hold Shares of the class concerned with an aggregate value less than the minimum determined from time to time by the Directors.

Deferral of Redemptions
The Fund shall not be bound to redeem or exchange on any Dealing Day more than one-twentieth in aggregate of the number of Participating Shares of any class in issue or deemed to be in issue on the relevant Dealing Day. The Managers may scale down *pro rata* the number to be redeemed or exchanged in response to each request to such extent as may be necessary to ensure that the foregoing limit is not exceeded and shall carry forward the balance for redemption or exchange to the next Dealing Day and so on to each succeeding Dealing Day until each request has been complied with in full. Requests for redemption or exchange which have been carried forward from an earlier Dealing Day shall have priority over later requests.

Compulsory Redemption
If it shall come to the notice of the Directors that any Participating Shares are owned directly or beneficially by any person in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Participating Shares, the Directors may give notice to such person requiring him either to transfer such Participating Shares to a person who is qualified or entitled to own the same or to give a request in writing for the redemption of such Participating Shares. If such notice is not acted upon within thirty days of its receipt, such shareholder will be deemed to have given a request in writing for the redemption of all his Participating Shares.

Equalisation Payments
The Articles of Association provide for the operation of Equalisation Accounts in relation to Participating Shares if the Directors think fit. It is not intended to operate such accounts at present.

Exchanges
The rate at which all or any part of a holding of Participating Shares of any class (the "first class") will be exchanged on any Dealing Day (or, with the consent of the Managers, any other day) into Participating Shares of another class (the "new class") either existing or determined by the Directors to be brought into existence will be determined in accordance with the following formula:—

$$S = R \times \frac{(RP \times ER)}{SP}$$

where:—
R is the number of Participating Shares of the first class to be exchanged;
S is the number of Participating Shares of the new class to be issued;
SP is the subscription price of the new class applicable on the relevant day, together with any initial charge to which the Managers may be entitled (it is not at present intended to make any such initial charge);
ER is the currency exchange rate determined by the Directors as representing the effective rate of currency exchange applicable to the transfer of assets between the relative portfolios of the Fund on the relevant day after making such adjustments as may be necessary to reflect the cost of making such transfer; and
RP is the redemption price per Share of the first class applicable on the relevant day.

Suspension of Valuations
Valuations of any of the Fund's portfolios may be temporarily suspended by the Managers when:—
(a) by reason of the closure of, or the suspension of trading on, any money market, stock exchange or over-the-counter market or any other exchange or market or for any other reason, circumstances exist as a result of which, in the opinion of the Managers, it is not reasonably practicable for the Fund to dispose of investments of the portfolio or fairly to determine the value of the net assets of the portfolio, or
(b) a breakdown occurs in any of the means normally employed in ascertaining the value of investments of the portfolio or when for any other reason the value of the investments or other assets of the portfolio cannot reasonably be ascertained.

No allotment or redemption of Participating Shares of the class concerned, nor any exchange of, or into Participating Shares of that class, may be made during a period of suspension. In this event, a shareholder may withdraw his redemption or exchange request provided that notice of such withdrawal is made in writing and is received before the termination of the period of suspension. Where the request is not withdrawn, the redemption or exchange will be dealt with following the lifting of the suspension.

Minimum Valuation
If at any time after the first anniversary date of the incorporation of the Fund the aggregate value of the net assets of the Fund shall on each Dealing Day falling within a period of four consecutive weeks be less than the equivalent of $20,000,000 the Fund may by not less than four weeks' notice (expiring on a Dealing Day) to all holders of Participating Shares of all classes given within eight weeks of the end of the period, redeem at the respective redemption prices on such Dealing Day all (but not some) of the Participating Shares of all classes not previously redeemed.
If at any time the value of the net assets of any particular portfolio of the Fund shall at each Dealing Day falling within a period of four consecutive weeks be less than the equivalent of $1,000,000 (or such higher sum in relation to any portfolio as the Directors shall from time to time determine) the Fund may, by not less than four weeks' notice (expiring on a Dealing Day) to all holders of Participating Shares of the class concerned, given within eight weeks of the end of the period, redeem at the redemption price for that class on such Dealing Day all (but not some) of the Participating Shares of that class not previously redeemed.

Directors
The Articles of Association contain provisions relating to Directors, *inter alia*, as follows:—
(1) Any Director may act in a professional capacity for the Fund (other than as auditor) and may hold any other office under the Fund and may receive remuneration for any such services as if he were not a Director.
(2) A Director may not normally vote in respect of any contract in which he is materially interested but shall not be disqualified by his office from contracting with the Fund.
(3) Unless and until otherwise determined from time to time by the Fund in General Meeting, each Director shall be entitled to such remuneration as the Directors shall from time to time resolve, not exceeding an annual rate of $3,000. The Directors may also be reimbursed for expenses incurred in connection with the business of the Fund and may receive remuneration for special services.
(4) The Directors may exercise the powers of the Fund to borrow, but borrowings of the Fund and its subsidiaries (if any) shall not (except with the consent of the Fund in General Meeting) exceed one-quarter of the aggregate of share capital and consolidated reserves as defined in the Articles of Association.
(5) There is no share qualification or age limit for Directors.
There are no existing or proposed service contracts between any of the Directors and the Fund but the Directors may receive remuneration as provided in the Articles of Association (see above). The aggregate emoluments payable to the Directors for the current financial period are estimated to be $10,500. Director's fees paid to any Director of the Fund who is an employee or director of any company in the National Westminster Bank PLC Group would, under Group policy, have to be accounted for to such company.
Mr. Green is Chairman of the Managers. Mr. Hall is a Director of the Managers and the Custodian. Mr. Hangartner is an Executive Vice-President of Handelsbank NW. Mr. Misselbrook is Chairman and Managing Director, and Mr. Murphy is a Director, of National Westminster Guernsey Trust Company Limited. Mr. Sherriff is a Director of County Bank Limited. Mr. Tourtel is a Director of the Managers and the Custodian.

General Information
1. The Constitution of the Fund is defined in its Memorandum and Articles of Association.
2. The preliminary expenses incurred on the formation of the Fund are estimated to amount to $11,000. The Fund will meet such expenses and will also meet all expenses incurred in connection with this issue out of the proceeds of the initial issue of Participating Shares. The expenses of the issue are estimated to amount to $159,000 which it is intended to write off, together with the preliminary expenses, at the rate of 0.05 per cent. per annum of the aggregate of the net asset values of the Fund's portfolios.
3. (a) No commissions, discounts, brokerage or other special terms have been granted by the Fund in relation to shares or debentures issued or to be issued by the Fund.
   (b) Under the terms of the Management Agreement investments may be bought from or sold to the Fund by members of the National Westminster Bank PLC Group (other than the Custodian but including the Managers) and their respective clients, whether the Group member is acting as principal or as agent. Any Group member or any such client involved in any such transaction may charge, receive and retain any commissions, discounts, losses or profits arising therefrom provided that as a result of any such transaction, the Fund is in no worse position than it would have been if it had effected the transaction direct with a member of a stock exchange or otherwise on the open market.
   (c) Any request for Participating Shares of any class may be satisfied by the Managers selling such Shares to the investor at a price not exceeding the aggregate of the current subscription price (plus if relevant any applicable Equalisation Payment or initial charge).
4. The Fund is not engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against the Fund.
5. Save as disclosed under "Share Capital" above, for payments of Directors' fees and for payments under the contracts described in paragraph 6 below:—
(a) neither the Managers nor any Director of the Managers or of the Fund hold any shares in the Fund;
(b) no amount or benefit has been paid or given to any promoter by the Fund since its incorporation and none is intended to be paid or given;
(c) the Fund has not purchased or acquired or agreed to purchase or acquire any property;
(d) since the date of incorporation of the Fund:—
  (i) no shares or debentures of the Fund have been issued or agreed to be issued, fully or partly paid up, for cash or otherwise than for cash, nor is any such capital under option or agreed to be under option;
  (ii) no Director has had any interest in the promotion of the Fund or in any property acquired, disposed of or leased to or by, or proposed to be acquired, disposed of or leased to or by, the Fund.
6. The following contracts which are or may be material have been entered into otherwise than in the ordinary course of business:—
(a) Management Agreement between the Fund (1) and the Managers (2) dated 6th May, 1983 whereby the latter have agreed to manage the business of the Fund, to perform secretarial, administrative, registration and other duties in relation to the Fund and to promote the distribution of the Participating Shares. Details of the fees under this Agreement are given in the paragraph "Managers' Fees". The Agreement contains provisions indemnifying the Managers from liability not due to their wilful breach of duty. The agreement may be terminated, *inter alia*, at 180 days' written notice given by either party.
(b) Investment Advisory Agreement between the Fund (1), the Managers (2) and County Bank Limited ("the Investment Adviser") (3), dated 6th May, 1983 whereby the Investment Adviser has agreed to provide the Managers with investment advice in relation to the Fund. This will include the evaluation of opportunities for possible investment by the Fund, the review of investments of the Fund and advice generally to the Managers on the implementation of the investment policy of the Fund. The fees payable under this Agreement are borne by the Managers. The Agreement contains provisions indemnifying the Investment Adviser from liability not due to its wilful breach of duty. The agreement may be terminated, *inter alia*, at 180 days' written notice by any party.
(c) Custodian Agreement between the Fund (1), the Managers (2) and the Custodian (3), dated 6th May, 1983 whereby the latter has agreed to act as Custodian of the assets of the Fund. The fees payable under this Agreement are borne by the Managers. The Agreement contains provisions indemnifying the Custodian from liability not due to its wilful breach of duty. The Agreement may be terminated, *inter alia*, at 90 days' written notice given by any party.
7. The Fund has not commenced business, and has not established and does not intend to establish a place of business in Great Britain. The Fund does not have any subsidiaries.
8. The minimum amount which in the opinion of the Directors must be raised by the present issue of Shares in order to provide for the matters referred to in paragraph 4 of Part I of the Fourth Schedule to the Companies Act 1948 (Great Britain) is $5,000,000 (or currency equivalent) made up as follows:—
  (a) Purchase price of property, nil.
  (b) Preliminary expenses of the issue $170,000.
  (c) Repayment of moneys borrowed for preliminary expenses, nil.
  (d) Working capital $4,830,000.
9. Peat, Marwick, Mitchell & Co. have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion therein of their Report in the form and context in which it is included.
10. This Prospectus shall have the effect, where an application is made in pursuance thereof, of rendering all persons concerned bound by the provisions (other than penal provisions) of Sections 50 and 51 of the Companies Act 1948 (Great Britain) so far as applicable.
11. Persons interested in acquiring Shares of any class in the Fund should inform themselves as to (i) the legal requirements within the countries of their nationality, residence, ordinary residence or domicile for such acquisition; (ii) any foreign exchange restriction or exchange control requirements which they might encounter on acquisition or sale of Shares; and (iii) the income tax and other tax consequences which might be relevant to the acquisition, holding or disposal of Shares in the Fund.
12. The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in England and Wales for registration were:—
  (a) Copies of the material contracts referred to above.
  (b) The above mentioned written consent.
13. Banking transactions will from time to time be carried out through members of the National Westminster Bank PLC Group on normal terms.

Auditors' Report
The following is a copy of a report addressed to the Directors of the Fund by Peat, Marwick, Mitchell & Co., the auditors of the Fund:—

Equity & Law House,
19/23 La Motte Street,
St. Helier, Jersey,
Channel Islands.
6th May, 1983

The Directors,
County Bank Currency Fund Limited
Dear Sirs,
County Bank Currency Fund Limited was incorporated on 3rd May, 1983. It has not commenced business and, accordingly, no accounts have been made up and no dividends have been declared or paid.

Yours faithfully,
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants.

Documents Available for Inspection
Copies of the following documents are available for inspection until 26th May, 1983 during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Fund and at the offices of Travers Smith, Braithwaite & Co., 6 Snow Hill, London EC1A 2AL:—
(a) The Memorandum and Articles of Association of the Fund.
(b) The Companies (Jersey) Laws 1861 to 1968 under which the Fund was incorporated.
(c) The contracts referred to in paragraph 6 above.
(d) The report and consent of Peat, Marwick, Mitchell & Co.
Dated: 6th May, 1983.

CORRESPONDENT BANKS

The Correspondent Banks to which payment should be made for the respective currencies are set out below:—
US Dollars
National Bank of North America,
44 Wall Street, New York, NY 10005, U.S.A.
Telex: 420135
Account: National Westminster Jersey Fund Managers Limited,
Account No. 2199/20/7923
Sterling
National Westminster Bank PLC,
P.O. Box No. 20, 23 Broad Street, St. Helier, Jersey, Channel Islands.
Telex: 4192344
Account: National Westminster Jersey Fund Managers Limited,
Account No. 77757092
Deutschemarks
Deutsche Westminster Bank AG,
National Westminster Haus, Mainzer Landstrasse 49,
Postfach 11 10 51, 6000 Frankfurt am Main 1, West Germany.
Telex: 416500
Account: National Westminster Jersey Fund Managers Limited,
Account No. 0081407223
Dutch Guilders
Amsterdam-Rotterdam Bank N.V.,
410 Staalmeesterslaan,
P.O. Box No. 283, 1000 EA Amsterdam, Netherlands.
Telex: 11006
Account: National Westminster Jersey Fund Managers Limited,
Account No. 45.06.51.835

APPLICATION PROCEDURE FOR INITIAL OFFER

Applications for the initial offer should be made on the application form and sent, together with the appropriate payment, to National Westminster Jersey Fund Managers Limited, P.O. Box No. 6, 23/25 Broad Street, St. Helier, Jersey, Channel Islands. Applications together with payments should be sent so as to arrive at the offices of the Managers not later than 11.00 a.m. on 26th May, 1983. Payment may be made by telegraphic transfer, banker's draft or cheque and should be in the currency of the class of Participating Shares for which application is being made. However, in the case of Yen Shares payment must be made in one of the currencies specified on the application form. Payments by banker's draft or cheque must arrive in time to allow receipt of cleared funds by 11.00 a.m. on 26th May, 1983.
Applications for the initial offer will not be acknowledged but certificates for Participating Shares of each class will be posted to applicants at their registered addresses, and at their own risk, not later than 20th June, 1983. Pending the issue of share certificates, transfers will be certified against the register by the Managers.
Telex applications for the initial offer will be accepted only from investors who have established nominee arrangements with National Westminster Jersey Trust Company Limited as described under "Allotment of Shares".
The Managers reserve the right to reject any application and, in such instances, application money will be returned to the applicant at his own risk, and without interest, as soon as practicable thereafter.

COUNTY BANK CURRENCY FUND LIMITED

APPLICATION FORM

When completed this form should be sent to National Westminster Jersey Fund Managers Limited, P.O. Box No. 6, 23/25 Broad Street, St. Helier, Jersey, Channel Islands. Telephone: (0534) 70041. Telex: 4192077.
The minimum investment in any class of share for which applications will be accepted is as shown in the table below.
Payment must be made in the currency of the Participating Shares applied for, except in the case of Yen Shares where payment must be made in one of the currencies specified below.

I/We hereby apply for that number of Participating Shares (including fractions) of the Fund which may be purchased at the initial offer price with the remittance stated below, subject to the Memorandum and Articles of Association of the Fund and the Prospectus dated 6th May, 1983 (note 1):—

Class of share	*Minimum* Investment	Remittance
US Dollar	$10,000	$
Sterling	£5,000	£
Deutschemark	DM 25,000	DM
Dutch Guilder	DFl 25,000	DFl
Japanese Yen	Yen 2,500,000	$/£/DM/DFl

(a) I/We confirm that payment of the above remittance will be made by telegraphic transfer to.. (note 2)
for the account of National Westminster Jersey Fund Managers Limited for value on 26th May, 1983 through ....(note 3)
.... who have been instructed to advise you by telephone (0534) 70041 Ext. 241 of this payment.
(b) I/We enclose a cheque/draft for the above amount payable to National Westminster Jersey Fund Managers Limited.

I/We hereby declare that I am/we are not resident in Jersey for the purposes of the Income Tax (Jersey) Law 1961 (note 4).
I/We hereby declare that I am not/none of us is a US Person and that, upon the registration of the Participating Shares hereby applied for in my/our name(s) (or in any other name(s) in which I/we may request registration), no US Person will be interested in such Shares (note 5).

Full name of applicant no. 1..
Address..
Signature (note 6)..Date..................
Full name of applicant no. 2..
Address..
Signature..Date..................
Full name of applicant no. 3..
Address..
Signature..Date..................
Full name of applicant no. 4..
Address..
Signature..Date..................

All joint applicants should sign.
Complete in block capitals.

Notes:—
(1) If cleared funds representing your remittance are not received by 11.00 a.m. on 26th May, 1983 this application will be treated as an application for Shares at the price ruling on the Dealing Day on which funds are received.
(2) Specify name of the appropriate Correspondent Bank according to the currency class of the investment as shown above.
(3) Specify name and address of bank paying the funds.
(4) An applicant unable to make the taxation declaration should delete it, in which case tax will be deducted from all payments of dividends at the standard rate of Jersey Income Tax for the time being in force.
(5) US Person means a national, citizen or resident of, or a corporation or partnership organised under the laws of, the United States of America including its possessions, its territories and all areas subject to its jurisdiction.
(6) A corporation must execute this Application Form under its Common Seal or under the hand of a duly authorised officer whose capacity should be stated.

BIDS AND DEALS

United Wire slumps to £171,000 at half year

A LOW level of demand caused first half taxable profits of United Wire to April 4 1983 to slump from £649,000 to £171,000. Turnover was slightly lower at £9.03m, compared with £9.27m.

Despite a fall in stated earnings per 25p share from 3.54p to 1.14p the interim dividend of this wire manufacturer is being maintained at 2.2p net. Last year a total of 5.75p was paid.

Tax took £77,000 (£360,000) and there were extraordinary credits of £124,000 (debits £50,000) for exchange gains on the consolidation of overseas assets, mainly in South Africa.

The directors say they hope that the generally more favourable economic projections will materialise in the second half and consequently benefit the group.

Don Brothers

The trustees of the Archibald Don Bequest Fund hold 29.3 per cent of the preference capital of **Don Brothers, Buist**, not of the ordinary equity as reported yesterday.

Yearlings at 10⅛%

The interest rate for this weeks' issue of local authority bonds is 10⅛ per cent, unchanged from last week and compares with 13¼ per cent a year ago. The bonds are issued at par and are redeemable on May 16 1984.

A full list of issues will be published in tomorrow's edition.

Shires Investment

Available revenue at **Shires Investment** rose from £263,744 to £298,678 in the year to March 31, 1983. Pre-tax revenue was also higher at £441,755 compared with £390,447. Tax took £141,327 against £124,953. The final dividend is unchanged at 8.8p for a same-again total of 11.8p net.

Net asset value per 50p ordinary share, after deducting prior charges at par, was up from 151.82p to 156.19p. †Sated earnings per share were 11.95p (10.55p).

Miles 33 rises

Pre-tax profits of **Miles 33**, which obtained a quote on the USM in May last year, improved from £210,000 to £225,000 for the year to February 28 1983 and as predicted in the offer for sale prospectus, a dividend of 2p net is being paid.

Turnover declined from £2.22m to £1.91m. Attributable profits came through at £194,000 (£210,000), equal to earnings of 9.3p (10.5p) per 10p share.

Headlam Sims lower

With second-half pre-tax profits falling from £248,909 to £150,010, **Headlam Sims and Coggins**, footwear manufacturer, reports a drop from £473,909 to £355,010 in its figures for the full year to January 31 1983. Tax took £155,237 compared with £184,761.

Although the final dividend is unchanged at 1.6p net, the total is effectively increased from 2.6p to 3p. Retained profits emerged at £74,473 (£180,182). Earnings per 5p share were down from 7.01p to 4.82p.

Gomba buys 29% stake in Belgrave

BY CHARLES BATCHELOR

Gomba, the privately-owned trading and industrial group, yesterday took a 29 per cent stake in Belgrave (Blackheath), a West Midlands forging and machining company, and Gomba's first substantial stake in a UK-listed company.

Gomba Holdings UK bought 860,000 shares of Belgrave at 40p—a total of £344,000—to take a 28.66 per cent stake.

Mr Abdul Shamji, chairman of the Gomba group, said: "It is just a small move to see what can be done in the future. As the moment we regard it as an investment until we decide what to do."

Belgrave yesterday announced an increase in pre-tax losses to £242,000 (£158,000) in the year ended January 31, 1983, on turnover of £2.82m (£3.03m). It last made a profit, of £92,000, in 1980.

Belgrave anticipates a small profit in the year ending January 1984 on its present level of turnover.

Its shares closed at 100p yesterday, 17p up on their pre-suspension price on Monday.

Gomba has been expanding its UK engineering interests during the past two years. It acquired the Scottish four-wheel truck-maker Stonefield from the receiver in April 1981 and is now returning it to profit after a radical slimming down and re-design of its product range.

In November 1982 Gomba bought British Twin Disc, a manufacturer of vehicle transmissions based at Strood, Kent, from Twin Disc Inc. of Racine, Wisconsin, U.S. Twin Disc, now renamed Gomba Trans-Ax will supply Stonefield and third parties with components.

Gomba is also expanding its hotel interests and last week announced the purchase of three hotels from Bass for about £10m.

Gomba acquired the bulk of its holding—nearly 23 per cent of the equity—from the Pittaway family and the remainder from Godred Ltd. Mr C. H. Pittaway is chairman

Tring Hall court move over ICT plan

By William Dawkins

Tring Hall Securities, the troubled issuing house and financial services company, yesterday applied for an injunction against the board of Luxembourg-based International Communications Technology Holdings (ICT), in which it holds a 12.6 per cent stake.

The application follows the failure of Mr Cyril Kernot, ICT's chairman, to attend a meeting with Tring and London Trust, which holds 11 per cent of ICT. Tring, whose holding in ICT has more than halved in value over the past year to less than £1m, wanted to discuss a recent ICT board resolution concerning the issue of new shares.

The injunction, applied for in the Luxembourg courts, would prevent ICT from acting on a motion passed at a recent EGM which allowed the directors to remove existing shareholders' pre-emptive rights and increase their powers to issue authorised share capital. ICT denies any knowledge of Tring's request for a meeting.

Mr Robin Eve, Tring's chairman, has also requisitioned another EGM of ICT, which must take place within 21 days under Luxembourg law, at which he will propose himself as acting chairman.

"We intend to take management control of this company in order to find out what really is happening and try to establish the worth of the business," he said.

Benlox in dispute with M. James over purchases

Benlox Holdings, the building and contracting group, is in dispute with **Maurice James Industries** over the purchase of certain James's interests which were completed in June 1982.

Benlox alleged that it had grounds for substantial claims for breach of warranties included in the purchase agreement. These emerged during the course of the audit of Joshua Bigwood and Son, formerly part of James, for the year ended January 2 1983, Benlox said.

It formally notified James on its intention to claim for this alleged breach in April, giving detailed reasons. James has since stated that the claims were without foundation, although it has requested no further information and has taken no action to investigate their validity, Benlox added.

It said it had been advised not to pay a loan note for £250,000 due on April 30 1983, as the claims notified to James amounted to a sum considerably in excess of the amount due on the loan note.

Meanwhile, with turnover substantially lower at £4.99m against £7.63m, pre-tax profits at **Maurice James Industries** fell from £548,000 to £416,000 in 1982. However, the final dividend is unchanged at 0.75p for a same-again total of 1.25p net.

Pre-tax profits were after interest charges of £63,000 (£184,000). There was a tax charge of £193,000 (£248,000) and extraordinary debits of £204,000 (£30,000). Stated earnings per 10p share were down from 2.4p to 1.7p.

Extraordinary items include a provision of £201,000 against the investment in F. Pratt Engineering Corporation. This writes this investment down to its approximate market value.

STAVELEY INDUSTRIES

Staveley Industries, the UK-based international engineering and salt products group, has made two further acquisitions within its growing non-destructive testing activities (NDT).

The two companies acquired are **Metrotek**, based at Richland, Washington, in the U.S., and **Inspection Instruments (NDT)** at Slough, Berkshire.

The combined turnover of these two companies is approximately £2½m and they employ a total of 60 people.

Through these acquisitions, the NDT group of Staveley will gain additional product lines, chiefly in advanced electronic technology and access to wider international markets.

Tilling expecting increased bid

Shareholders in **Thomas Tilling** have been strongly advised by the board not to be "stampeded" into accepting the bid by **BTR** following the sharp stock market fall

Like several sections of the City, Tilling is anticipating an increased bid today when BTR announces its level of acceptances now that the first closing date has passed.

Tilling also expects BTR to try to buy more shares in the market on the back of higher terms.

There is no intention of dismembering the group, but Tilling pointed out that any two of the group's five largest sectors "have a combined value equivalent to at least half the value of the BTR cash bid."

The defence claimed that BTR is thus trying to buy the rump on a p/e of well below 7, "which is clearly derisory."

BOWTHORPE

Acquisition of Tempo Instruments by **Bowthorpe Holdings**, has been completed.

Newman reconstruction

Newman Industries has announced that some holders of ordinary shares may have dealt in the market without fully taking account of the effects of the capital reconstruction.

The conversion rights of the preference shares are exercisible in any year by the holder giving notice.

Conversion may be exercised by notice given to the company up to and including June 10. It would normally be advantageous to exercise conversion rights at this time because of the enhanced dividend rights.

However, the company is aware that the present market price of the ordinary is in excess of that of the preference shares.

If this situation persists any holder of ordinary who has mistakenly sold more than his existing holding and cannot give delivery could find it advantageous to buy in sufficient preference shares to make up the balance.

Preference shares cease to be renounceable on May 18. Before taking any action shareholders are strongly advised to consult their financial advisers.

Dubilier U.S. expansion

Dubilier, which manufacturers electronic components and equipment, has conditionally agreed to acquire **Automatic Connector Inc** and its associated company, Arco Electronics Inc, two Long Island based companies, for $6.1m (approximately £3.80m at current rates).

Consideration will be in cash from existing resources.

Peat, Marwick Mitchell & Co, Dubilier's auditors, are currently preparing a report and completion of the acquisition is planned for May 31.

Automatic Connector is a leading U.S. manufacturer of radio frequency connectors and microwave components. Its associate specialises in the distribution of a variety of capacitor products and is the second largest distributor of mica capacitors

The combined turnover and profit before tax, interest and corporate charges for the companies for the year to end December, 1982 were $12.1m and $1.4m respectively.

Steetley shares fall 23p as offer lapses

SHARES in Steetley fell 23p to 182p yesterday as **Hepworth Ceramic Holdings** lapsed its all-equity offer for the building products, minerals and refractories group in the face of a merger reference by the Trade Department to the Monopolies Commission.

The Commission has been given six months in which to report on the proposed merger, but it remains to be seen whether Hepworth Ceramic will decide to sit through the reference period.

Hepworth said yesterday that it "will make a further announcement in due course." Hepworth shares yesterday added 3p to 133p.

PEARSON LONGMAN ACCEPTANCES

Acceptances of the offers by **S. Pearson** for the 5¼ per cent preference shares and the 7 per cent preference shares in **Pearson Longman** have been received as folows: 166,573 shares (97 per cent) of the 5¼ per cent preference. (The Pearson Group held 86,515 5¼ per cent preference prior to the announcement of the offer); 172,386 shares (99.5 per cent) of the 7 per cent preference. (The Pearson Group held 85,886 7 per cent preference prior to the announcement of the offer).

Both offers have become unconditional and will remain open until further notice.

A. J. GOODING

The **A. J. Gooding Group** has acquired the metallising and cable tapes division of **Portl. Textiles**, a world leader in metallising.

Jefferson Smurfit declines 33.4%

TAXABLE PROFITS of Dublin based packaging, print and distribution concern, **Jefferson Smurfit Group**, plunged by 33.4 per cent from I£21.38m to I£14.24m in the year to January 31 1983, after a fall in first half profits from I£12.86m to I£8.75m.

The directors say the immediate future is difficult if not impossible to predict. They anticipate poor first half results because the problems of the world economy have carried on into early 1983.

They anticipate a gradual improvement as the year progresses, and looking to 1984 hope for a much improved business climate. The anticipated shortage of kraftliner capacity will yield better pricing and consequently improved returns but will not occur until 1984 when they expect it to produce meaningful effects on group results

In the 12 months under review Ireland had a difficult business climate with falling demand being more pronounced as the year progressed. Overcapacity led to unrealistic selling prices and resulted in losses being incurred in some plants. However, some satisfactory progress was recorded, most notably in the publishing and financial services area.

Sales increased marginally from £84.7m to £86.4m but operating profits before interest and tax declined from £7.0m to £2.2m.

Activities in the UK were painful, the directors say, with the decline in the corrugated industry causing problems, not only for the group's core corrugated business, but impacting also the paper and board manufacturing section. The group was forced to reduce capacity by closing its St Helen's corrugated plant and three paper machines,

Sales at £126.4m and losses before interest and tax of £2.9m were recorded in the UK, which the directors say is an unacceptable position to sustain for any length of time.

Group turnover advanced from £491.65m to £501.01m. Their was a tax credit of £1.47m (charge £3.85m) leaving net profits of £15.71m (£17.53m). After minority losses of £581,000 (profits £2.61m) and extraordinary debits of £3.42m (£4.86m) — including closure costs incurred and anticipated cessations already announced—left attributable profits of £12.87m (£10.07m).

● comment

Savagely wielding of the axe in the UK has been expensive for **Jefferson Smurfit** above and below the line and it now hopes that actions taken together with some improvement in the market should enable this region to stagger back to health. Even so the decision to expand in the U.S. looks very timely though the penalty will come in the gearing which, on consolidation of Smurfit Diamond, will leap from 34 per cent to well over 60 per cent. This will preclude any further major deals for the time being and the focus for the short term must be on benefits of the cutbacks and acquisitions combined with better markets. With profits showing some recovery in the second half and more confident outlook, shares yesterday rose 3p to a 1983 high of 85p, yielding 8 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Authorised Units—continued

Offshore and Overseas—continued

CAL Investments (IoM) Ltd
16 St Georges St Douglas, IoM. 0624 25031

CAL CM&C	0.924	0.973	+0.02	—
CAL Metals	0.907	0.955	−0.01	—

Dealing days every Monday.

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda. (809-29) 5-5950

CAL CTR Fd	0.99	1.05	+0.02	—

Dealing days every Monday.

Commodity Advisory Services (IoM) Ltd
48 Athol St Douglas, IoM. 0624-20845

Framlington Overseas Fd Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541

O'seasInc&Gth	—	50.0	....	—

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port, Guernsey. 0481 23961

LA Inc	$104.88	105.10	....	9.24
LA AccS	$121.75	121.01	....	13.49
MI T Inc	$116.57	117.16	....	6.27
MI T Acc	$128.55	129.20	....	22.31

Offshore and Overseas—continued

Insurances—continued

WE, THE LIMBLESS, LOOK TO YOU FOR HELP

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BLESMA looks after the limbless from all the Services. It helps to overcome the shock of losing arms, or legs or an eye. And, for the severely handicapped, it provides Residential Homes where they can live in peace and dignity.

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Midland Bank Ltd., Department FT,
60 West Smithfield, London EC1A 9DX

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BRITISH LIMBLESS EX-SERVICE MEN'S ASSOCIATION

LONDON TRADED OPTIONS

Option	CALLS July	CALLS Oct.	CALLS Jan.	PUTS July	PUTS Oct.	PUTS Jan.
Brit. Petroleum (*376)						
300	86	92	—	2	5	—
330	56	62	—	4	8	—
360	32	40	52	10	18	24
390	20	26	34	28	34	38
420	7	14	22	50	54	58
Cons. Goldfields (*537)						
420	127	—	—	3	—	—
460	87	107	—	5	10	—
500	60	74	88	12	25	34
550	27	44	57	35	52	60
600	7	22	—	67	—	—
Courtaulds (*97)						
70	31	33	—	1	2	—
80	21	23	25	1½	3	4
90	14	16	18	3	5	7
100	8	10	12	9	11	13
Commercial Union (*159)						
120	43	45	—	1½	1½	—
130	33	35	—	2	3	—
140	26	28	31	5	6	9
160	11	15	19	11	13	17
G.E.C. (*220)						
180	50	56	—	3	7	—
200	32	40	—	7	11	—
220	20	29	36	16	21	25
240	10	17	26	24	32	36
260	4	—	—	42	—	—
Grand Met. (*322)						
280	50	—	—	4	—	—
300	32	40	—	9	11	—
330	15	22	31	18	20	22
360	9	14	21	39	40	41
390	4	7	—	68	69	—
I.C.I. (*448)						
330	126	—	—	3	—	—
360	96	100	—	4	4	—
390	68	74	—	6	8	—
420	44	53	64	12	20	22
460	22	34	40	26	36	40
500	10	18	26	54	60	66
Land Securities (*305)						
260	52	57	—	3	—	—
280	32	38	—	7	11	—
300	15	24	33	14	18	22
330	4	14	22	35	39	43
Marks & Spencer (*199)						
180	26	33	—	5	5	—
200	7	24	32	11	15	17
220	9	15	21	23	25	27
240	3	—	—	48	—	—
Shell Transport (*482)						
390	102	106	—	2	3	—
420	72	78	—	3	10	—
460	34	42	50	10	18	28
500	16	24	32	32	40	48
550	6	11	—	74	80	—

Option	CALLS May	CALLS Aug.	CALLS Nov.	PUTS May	PUTS Aug.	PUTS Nov.
Barclays Bank (*463)						
360	105	117	—	2	2	—
390	75	87	—	2	3	—
420	45	62	77	2	7	12
460	12	37	52	10	23	38
500	3	16	27	40	47	55
Imperial Group (*114)						
90	25	—	—	0½	—	—
100	16	—	—	1	—	—
110	6	14	15	1½	6	7
120	1½	7	9	7	11	13
130	1	3	5	16	19	20
LASMO (*288)						
210	87	97	108	1	3	4
230	67	77	87	1	4	7
250	47	62	72	1½	10	18
270	28	48	62	5	18	25
290	10	37	—	12	28	—
300	—	—	42	—	—	40
320	3	20	—	33	46	—
330	—	—	28	—	—	68
350	1½	—	—	—	—	—
Lonrho (*90)						
80	11	14	16	1	2	3
90	3	8½	10	2½	6½	7½
100	0¼	5	6	11	13	18
P. & O. (*145)						
100	47	52	—	1	1	—
110	37	42	—	1	2	—
120	27	32	35	2	2	3
130	17	23	26	2	3	6
140	8	16	20	3	6	12
160	2	8	12	18	23	26
Racal (*467)						
420	65	72	90	3	9	14
460	20	42	60	8	25	30
500	4	25	40	37	47	55
550	2	12	—	85	87	—
600	2	3	—	135	137	—
650	2	—	—	185	—	—
R.T.Z. (*558)						
390	165	—	—	0½	2	—
420	135	160	—	0½	—	—
460	95	110	—	0½	4	—
500	55	72	92	2	10	20
550	15	40	57	8	27	45
600	2	24	33	52	60	70
Vaal Reefs *($122)						
80	2	—	—	1	—	—
90	32	34½	38	1	1	3¼
100	22	25½	31½	1	2¼	5½
110	12	21	28	0¼	5½	8½
120	4	16½	22½	1½	9½	11½
130	1	11	15	8½	—	16
140	1¼	6	11	—	—	—

Option	CALLS June	CALLS Sept.	CALLS Dec.	PUTS June	PUTS Sept.	PUTS Dec.
Beecham (*373)						
360	28	37	45	9	14	20
390	15	27	32	23	32	40
420	5	11	20	47	55	60
Guest Keen (*156)						
135	24	28	35	1½	5	9
155	10	14	20	10	13	17
175	4	7	12	22	25	28

Total Contracts 1,849 Calls, 1,147 Puts 2,998

* Underlying security price.

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—cont.

Income Accum	106 0	111 6	-1 0	—
Do Initial	104 3	109 8	-1 0	—
Man Pens. Accum	252 3	264 6	-2 7	—
Do Initial	195 6	205 3	-2 3	—
Gilt-Edg Pens Accum	200 9	211 5	-2 4	—
Do Initial	162 4	171 0	-2 1	—
Money Pens Accum	179 2	188 7	+0.4	—
Do Initial	146 7	154 5	+0.2	—

Black Horse Life Ass. Co. Ltd.
71, Lombard St, EC3. 01-623 1288

Black Horse Man Fd.		227 89	..	—
Managed Inv. Fd.	154 39	162 52	..	—
Property Fd.	148 23	156 04	..	—
Fixed Interest Fd.	140 65	148 06	..	—
Cash Fd.	133 37	140 39	..	—
Income Fd.	159 68	168 09	..	—
Extra Income Fd	154 82	162 97	..	—
Worldwide Growth Fd	212 89	224 10	..	—
Balanced Fd	168 11	176 96	..	—
Smlr Co's & Recs. Fd	197.96	208.38	..	—
Int. Technology Fd	243 52	256.34	..	—
Nth. Amer & Gen Fd	158 05	166.37	..	—
Energy Int. Fd.	94 12	99 08	..	—
Pacific Basin Fund	123 39	129.89	..	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	97 6	102 7	..	—
International	113.2	119 1	..	—
Property	104 3	109.8	..	—
Deposit	96.9	102 0	..	—
Fixed Interest	96.6	101.7	..	—
Managed	103.5	108.9	..	—
Equity Pens Cap.	96.9	102 0	..	—
Intnl. Pens. Cap.	116.7	122.8	..	—
Property Pens Cap	105.3	110.8	..	—
Deposit Pens Cap	96.1	101.2	..	—
Fixed Int Pens Cap	95.7	100 7	..	—
Managed Pens Cap	104.7	110.5	..	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth May 3		93.6	..	—
Rent. Fed. May 6		233.0	..	—
Managed Pen Fund	177.2	186.5	..	—
Property Pen Fund	110.2	116 0	..	—
Index Linked Pen Fund	119 1	125 4	..	—
Managed	114.2	120 3	-0.9	—
Property	99.9	105.2	..	—
Gilt and Fixed Interest	100.4	105.7	-0.6	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7CJ 01-628 8131

G.T. Plan Bond Fund	121.6	128 1	+1 1	—
GT Plr High Yld Fnd	112.7	118 7	-0.8	—
GT Plan Far East Fnd	99 8	105 1	+1 1	—
GT Plr N Am Fund	158 5	166 9	+1 6	—
GT Plr UK&G.E. Fnd	127 9	134 7	-1.8	—
GT Plr Wrldwde Fnd.	135 1	142 3	-2 4	—
GT Pension Bnd Fnd.	130 7	137 6	+1 3	—
GT Pen High Yld Fd	127 3	134 1	-1 1	—
GT Pen Far East Fd	115 9	122 0	+1 9	—
GT Pen N. Am. Fd.	220.5	232 2	+3 3	—
GT Pen UK & G.E Fd.	146 3	154 0	-1.8	—
GT Pen Worldwide Fd	144.4	152 1	+2.8	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St, EC3M 5DY. 01-488 0733

Intl. Managed Bond	162.3	170.9	..	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St, Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		240.5	..	—
Portfolio Fd Inl.		202.8	..	—
Portfolio Fd. Cap.		231.9	..	—
Investment Auts.	240.4	253.0	..	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,415	..	—
Landbank Secs.		62.7	..	—
Landbank Scs. Acc.	172.4	176.8	..	—
G. & S. Super Fd.		£10.638	..	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	299.9	312.5	..	—

GRE Linked Assurance Limited

Managed Initial	196.7	207 1	-3.0	—
Do. Accum.	216.2	227.6	-3.3	—
Equity Initial	244.8	257.7	-5.9	—
Do. Accum.	269.1	283.3	-6.4	—
Fixed Int. Initial	185.7	195.4	-2.7	—
Do. Accum.	204.1	214.8	-2.9	—
International Initial	200.7	211.2	+2.6	—
Do. Accum.	220.6	232.2	+2.9	—
North American Initial	95.7	100.7	+1.5	—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Wardley Investment Services Ltd.,
Floor, Hutchison House, Hong Kong

Wardley Trust	HK$35 71	37 10	-0 20	3.10
Wardley Nikko As. Fd.	$30 21	31.59	-0.08	4 75
Wardley Bond Trust	$11 10	11 30	+0 10	8.05
Wardley Japan Trust	$22.34	23.05	+0.72	0.78

WestAven Secs (Guernsey) Ltd
Box 214, St Peter Port, Guernsey 0481 27768

& Option Fd	£1.06	1 11		3.00
$ Option	$1 00	1.05	+0 01	—

World Wide Growth Managementφ
Boulevard Royal, Luxembourg

Worldwide Gth Fd		$13.34	+0.09	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	34.4	35 8	..	9.10
Chinese Fund	73.2	76.2	..	1.70
Precious Metal Fund.	126.6	131.8	..	8 30
Vanguard Cmdy. Fd.	42 4	43 5	..	2.26
Financial Futures Fd.	128.5	133.8	..	—
Wren Intl. Fnd.*	$0.917	0.954	..	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for May 10.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 90	100	98¼	98¾	−0½	−0½	10.58
Amro Bank 13 88	200	108¼	108¾	−0½	+0⅞	11.06
Bank of America 8 88 XW	150	89¾	90¼	−0⅛	0	10.74
Bank of Tokyo Hold 11 90	100	100	100½	0	+0½	10.93
British Col Hyd 10¾ 88	200	99⅝	100⅛	0	+0⅛	10.27
Canadair Ltd 12½ 89	175	107⅝	108⅛	−0½	+0¼	10.72
Canadian Wheat 11¼ 90	50†	102⅜	102⅞	−0⅛	−0⅛	10.78
CIBC 11 90	75	98¼	98¾	−0⅛	−0⅛	11.32
Coca Cola Int 9⅞ 92	100	28¼	28¾	−0⅛	+0⅛	10.47
Coca Cola Int 11¾ 89	100	105⅜	105⅞	−0⅛	+0¼	10.47
Cred Suisse BHA 10½ 90	150	100½	100⅞	−0⅛	−0¼	10.41
Credit Suisse 10½ 89	100†	102½	103	−0⅛	+0¼	9.88
Deutsche Bk Fin 14¼ 89	300	112⅝	112⅞	0	+0⅜	11.38
Du Pont 11¼ 95	150	103¾	104¼	−0¼	+0⅛	10.62
Du Pont 14⅛ 89 WW	200	109½	109¾	+0⅛	−0¼	11.89
E.D.C. 10⅝ 88	100	101¼	101¾	−0⅛	+0⅛	10.30
E.D.F. 11⅛ 93	100	98¼	98¾	−0¼	−0¼	11.38
E.D.F. 10¾ 95	75	97¼	97¾	0	+0¼	11.15
E.E.C. 11½ 95	200	100⅝	101⅛	−0⅛	+0¼	11.34
E.I.B. 11 91	125	100¼	100¾	−0⅛	+0⅛	10.88
Exp Dev Corp 11¾ 87	100	103¾	104¼	0	+0⅜	10.54
Forsmarks 13¾ 92	75	108¾	108⅞	−0¼	+0⅝	12.13
Fuji Int Fin 10⅞ 90	100	98½	99	−0⅛	−0⅛	11.14
Gaz de France 12¼ 93	175†	102¾	103¼	−0⅛	+0½	11.72
Gen Elec Credit 9¾ 91	100	16⅝	16⅞	0	0	10.36
Gen Elec Credit 12 89	100	107⅝	108⅛	0	+0⅛	10.23
GMAC O/S Fin 10½ 90	200	101¼	101¾	+0⅛	+0⅝	10.18
Gulf Oil Fin 12¼ 87	100	104⅞	105⅜	0	+0⅛	10.68
Honeywell Int 10¾ 90	100	99¾	100¼	−0⅛	+0⅛	10.74
IBM World Trade 12⅜ 92	200	110¼	110¾	0	−0¼	10.42
Indust Bk Japan 10⅞ 88	100	99¾	100¼	+0⅛	+0⅛	10.87
Manitoba Prov 11¾ 89	125	105¼	105⅝	−0⅛	+0⅜	10.54
Manitoba Prov 13¾ 89	100	111¼	111¾	+0⅛	+0¼	11.10
Merrill Lynch 10⅝ 90	200	99¾	100¼	0	+0⅛	10.62
Midland Int Fin 11½ 92	150	102¾	102⅞	−0¼	0	11.02
Mitsubishi Corp 10½ 90	100	98½	99	−0⅛	−0⅛	10.76
Nat West Fin 11¾ 92	150	103¾	104¼	−0¼	−0¼	11.02
Nippon Credit 11¼ 93	100	99½	100	0	+0⅞	11.27
O.K.B. 10 91	100	95⅞	96⅛	0	+0⅛	10.74
Ontario Hydro 11¼ 88	200	104	104½	0	+0½	10.31
Ontario Hydro 12⅜ 92	200	109	109½	+0⅛	+0¾	11.09
Prudential O/S 10⅝ 93	100	100⅝	101⅛	−0⅛	0	10.47
Prudential O/S 12⅜ 87	150	108¼	108¾	0	+0½	10.22
Quebec Hydro 11½ 92 D	100	103⅜	103⅞	0	+0⅛	10.85
R. J. Reynolds 12⅜ 89	100	107¼	107¾	−0¼	+0⅛	11.04
Saskatchewan Pr 10⅝ 90	125	100¼	100⅝	0	+0¼	10.63
S.N.C.F. 11½ 93	100	100¼	100¾	0	0	11.40
Sth Cal Edison 10½ 90	75	99⅝	100⅛	0	0	10.47
Swiss Bk Corp 10¼ 90	125	102⅜	102⅞	0	+0¼	9.88
Texaco Capital 9¾ 89	150	96⅝	97⅛	−0⅛	+0⅛	10.48
U.B.S. 10 88	100	102¼	102¾	−0⅛	0	9.35
U.B.S. 11 89	150	104⅛	104⅝	−0⅛	0	10.02
Walt Disney Pro 12½ 88	75	106¾	107¼	0	+0⅛	10.80
Westpac Int Fin 11 90	100†	98⅜	98⅞	−0⅛	−0⅛	1.21
World Bank 10⅝ 88	150	100¼	100¾	0	+0½	10.23
World Bank 10⅞ 93	100	100¼	100¾	0	+0⅝	10.78
World Bank 11⅛ 98	100	100¾	101¼	+0⅛	+0⅞	10.97

Av. price changes: on day 0, on week +⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8½ 93	200	99⅝	100⅛	0	+0⅜	8.89
Bank of Tokyo 7¼ 90	100	99⅞	100⅝	−0⅛	+0⅛	7.19
Bayer Capital 7⅝ 88	150	104¾	105¼	0	+0¼	6.59
Caisse Nat Energie 8 93	100	99⅝	100⅛	−0⅜	0	8.03
Caisse Nat Tele 7¾ 93	200	98	98½	−0⅛	−0⅛	8.01
E.C.S.C. 7½ 93	150	98¾	99¼	0	+0⅛	7.64
E.E.C. 7¾ 95	200	99⅞	100⅜	0	0	7.73
E.E.C. 8 94	200	100⅛	101⅛	0	0	7.82
Escom 8½ 90	150	101¼	101¾	−0⅛	+0⅛	8.20
Eurofima 7½ 91	100	101⅞	102⅜	−0⅛	−0⅛	7.19
Ferrovie Dello 8¼ 88	150	101⅞	102⅜	0	+0¼	8.18
H.J. Heinz Int 6¾ 88	50	100⅝	101⅛	+0⅛	−0¼	6.49
Int-Am Dev Bk 7¾ 93	200	97⅞	98⅜	0	0	8.03
Int-Am Dev Bk 8¼ 93	150	101	101½	0	+0⅛	8.05
Ireland 8½ 90	150	101½	102	0	−0¼	8.14
Ireland 8¾ 91	150	102⅝	103⅛	−0⅜	+0⅛	8.32
ITT Antilles 7 93	200	97¾	98¼	0	0	7.27
McDonalds Fin 7⅛ 92	100	101¾	102¼	+0½	0	6.86
Mitsui O.S.K. 7¼ 88	100	100½	101¼	0	+0⅛	7.02
Mount Isa Fin 7⅝ 90	100	98½	99⅛	0	0	7.93
Quebec Hydro 8 93	200	102⅝	103⅛	+0½	+0⅛	7.57
Sweden Kingdom 8¼ 88	150	102⅝	103⅛	+0⅜	+0¼	7.68
Volkswagen Int 7⅛ 93	200	97¾	98¼	−0⅛	0	7.54
World Bank 7¼ 93	200	97⅝	98⅛	−0¼	0	7.54
World Bank 7½ 93	300	98⅞	99⅜	+0¼	+0⅛	7.63

Av. price changes: on day 0, on week +⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 5½ 95	100	98	98¼	0	0	6.00
American Express 4¾ 93	100	95¼	95½	−0¼	−1¾	5.37
Asian D.B. 5⅛ 95	100	89¼	89½	0	+0¼	5.95
BTR Finance 5⅝ 93	75	97¾	98	+0¼	−0⅜	5.91
Carls-Tuborg Brw 5¾ 93	60	102½	102¾	+0¼	−0⅜	5.49
Chugoku Ele Pow 6⅛ 91	100	101½	101¾	0	−1⅛	5.85
Chujitsuya Co 5⅞ 93	50	97½	97¾	−0⅛	−0½	6.25
E.I.B. 5¾ 93	100	99½	99¾	+0¼	−0¼	5.80
Ex-Im Bk Japan 5 93	100	96¾	97	−0⅛	−0¼	5.42
Fuji Electric Co 6 93	100	101	101¼	−0⅜	−0⅜	5.85
Gothenburg Airport 6 93	50	100¼	100½	0	+0½	5.95
HCA Finance 5 93	100	98	98¼	0	+0¼	5.25
Manitoba Prov 5¼ 93	100	101¼	101½	−0⅜	−0½	5.07
Nippon Express Co 6 93	50	100¼	100½	−0½	−0½	5.94
Nippon Koikan 5⅝ 93	100	95¾	96	0	−0⅜	6.20
Norsk Hydro 5½ 98	100	98	98¼	−0¼	−0⅛	5.69
O.K.G. 6¼ 93	60	101½	101¾	+0½	−1	6.51
Quebec Hydro 5½ 93	100	99¾	100	−0⅛	−0⅛	5.52
Sekisui House 6 93	100	100¼	100½	−0¼	−0½	5.95
Shikoku Elec Pow 5⅝ 93	100	97¾	98	0	−0⅜	5.91
Tohoku Elec Power 6 93	100	100½	100¾	+0½	0	5.91
Transcanada Pipe 5¾ 93	100	98	98¼	+0¼	+0¼	5.97
Trizec Corp 6¼ 91	100	102	102¼	0	+0¼	5.91
Union Bk Norway 5⅝ 93	80	97½	97¾	−0⅛	−0¼	5.69
Volvo 5⅛ 91	80	89½	99¾	0	−0⅜	5.43
World Bank 5½ 93	100	99¼	99½	−0½	−0⅜	5.58

Av. price changes: on day −⅛ on week −⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	105⅝	105⅞	0	+0⅛	7.75
E.I.B. 8⅛ 92	15	102¾	103⅛	+0¼	+0⅜	7.77
Japan Airlines 7⅝ 87	9†	101¾	102¼	0	0	7.24
New Zealand 7⅞ 89	15	101¾	102¼	+0⅛	+0½	7.26
World Bank 8⅛ 92	20	103½	104¼	+0⅛	+0¼	7.75

Av. price changes: on day +⅛, on week +¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Cepme 12½ 90 CS	50†	98¼	99¼	0	+0⅜	12.58
Farm Credit 12¼ 93 CS	50†	103	103½	+0½	+1	11.55
Interprov Pipe 12¼ 93 CS	50†	99¼	99¾	0	+0⅛	12.34
Pancanadian 12½ 93 CS	50†	100	100½	+0⅛	0	12.44
Quebec Hydro 14 92 CS	60†	107½	108½	0	−0½	12.46
Swed Exp CR 12¼ 88 CS	50†	103½	104½	0	+0⅛	11.08
Trans Mont 12½ 90 CS	20†	97¾	98¾	0	−0⅜	12.88
E.I.B. 11¾ 91 ECU	80†	100¾	101¾	+0⅜	+0½	11.48
Quebec Prov 11½ 89 ECU	50†	98	99	+0⅜	+1½	11.85
Austria 7½ 88 Fl	100	99¼	99¾	−0⅜	+0⅛	7.66
Consol Foods 7¼ 88 Fl	100	98¼	98¾	0	+0½	7.65
Nederland Gas 7½ 88 Fl	100	100⅛	100⅝	0	+0⅜	7.48
Philips Lamps 7¼ 88 Fl	100	100	100½	−0⅛	+0½	7.18
Quebec Prov 7½ 88 Fl	100	99	99½	0	+0⅛	7.58
World Bank 7 88 Fl	150	97⅞	98⅜	0	−0⅜	7.47
O.K.B. 14 88 FF	400	99⅝	100⅛	−0⅛	−0⅜	14.10
Solvay & Cie 14¾ 86 FF	200	100⅝	101⅜	0	0	14.30
B.F.C.E. 11½ 88 £	50	97⅞	98⅜	−0⅜	−0⅜	11.98
B.F.C.E. 14½ 87 £	30	107¾	108¾	−0½	−0⅛	11.94
C.N.T. 12½ 89 £	20	101¼	102¼	−0⅛	−0⅛	12.06
E.E.C. 11⅞ 91 £	50	99⅝	100⅝	−0⅛	+0⅛	11.98
Fin Fer Ind 12⅛ 88 £	30	103⅜	104⅞	−0¼	−0⅛	11.22
Fin Mut Dnsnj 12⅝ 92 £	30	103¼	104¼	−0¼	+1⅛	11.96
Gen Elec Co 12½ 89 £	50	104⅞	106⅛	−0⅜	−0⅛	11.13
Hiram Walker 14¼ 86 £	25	107⅛	108⅛	+0¼	+0⅜	11.09
Mort Bk Fin 11¾ 89 £	15*†	96⅛	97⅝	–	–	12.32
Norsk Hydro 12 90 £	30	101⅝	102⅝	−0⅜	0	11.58
Norsk Hydro 14½ 87 £	30	107¼	108¼	−0¼	0	11.83
Quebec 14½ 88 £	30	109⅛	110⅛	−0⅛	0	12.18
S.D.R. France 15½ 92 £	30	107	108	−0½	−0½	13.98
S.N.C.F. 11½ 89 £	30	97½	98½	−0½	+0⅛	11.92
Tenneco Int 14¾ 87 £	30†	108½	109½	0	0	11.88
World Bank 11⅞ 91 £	75	98⅝	99⅛	−0⅜	+0¼	11.62
Euratom 11 93 LuxFr	500	103⅝	104⅝	0	+0½	10.34
Europarat 10¾ 93 LuxFr	600	102⅝	103⅝	−0⅛	+0½	10.23

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Bank of Tokyo 5¼ 91 (D)	0⅛	100	100½	18/6	9¾	9.73
B.F.C.E. 5¼ 88	0¼	99⅜	99⅞	28/7	9¼	9.30
B.F.C.E. 5¼ 87	0¼	99¾	100¼	27/7	9.94	9.95
Caisse Nat Tele 5¼ 90	0¼	99½	100	21/10	9.58	9.59
C.C.F. 5¼ 95	0¼	99⅝	99⅞	7/10	10.19	10.21
C.C.F. 5¼ 98	0¼	99⅞	100⅛	24/9	9.94	9.94
Cepme 5¼ 88 WW	0¼	99⅝	99⅞	3/6	5¼	5.27
Cepme 5¼ 92	0¼	99⅝	99⅞	10/6	9.94	9.96
Chemical NY 5¼ 94 ††	0¼	100¼	100½	23/6	9⅞	9.84
Credit Agricole 5¼ 97	0¼	99⅝	100⅛	24/9	10	10.01
Credit du Nord 5¼ 92	0¼	98⅞	99⅛	23/6	10⅛	10.23
Credit Lyonnais 5¼ 97	0¼	99⅞	99⅞	1/10	10.06	10.09
Credit Lyonnais 5¼ 94	0¼	99⅝	99⅞	5/7	9⅝	9.59
Credit Nat 5¼ 94	0¼	99	99¼	8/8	9¼	9.33
E.D.F. 5¼ 95 XW	0¼	99⅞	99⅞	10/8	10	10.05
Kansallis Osake 5½ 92	0¼	99¾	100⅛	6/5	10.06	10.06
Long Term Cred 5¼ 92	0¼	100⅛	100⅝	27/5	10¼	10.10
J.P. Morgan 5¼ 97 S	0¼	100⅝	100⅝	12/5	9½	9.45
New Zealand 5⅛ 87	0⅛	100¼	100⅝	7/10	10.06	10.01
NZ Steel Dev 5¼ 92	0¼	100	100¼	22/6	10.19	10.18
Nippon Credit 5¼ 90	0⅛	100½	100⅝	10/8	9⅞	9.85
Scotland Int 5¼ 92	0⅛	100½	100⅝	23/9	9.94	9.90
Sec Pacific 5¼ 91 †	0½	100	100¼	24/5	10.06	10.05
Société Générale 5¼ 95	0¼	99¼	99¾	1/9	9½	9.55
Standard Chart 5¼ 91	0⅛	100	100½	16/5	10.69	10.66
Sweden 5¼ 93	0⅛	99⅝	100	3/8	10.19	10.20
Sweden 5¼ 89	0⅛	99½	99¾	26/8	9⅝	9.66

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	948.2	99¾	101¼	−0⅛	8.84
Bridgestone Tire 5½ 96	3/82	470	113⅞	115¼	−0¼	8.94
Canon 7 97	7/82	748.2	191¼	193	−3	−2.53
Fujitsu Fanuc 4½ 96	10/81	4491	118⅝	120⅝	−4⅞	1.42
Hitachi Cable 5⅛ 96	2/82	515	98½	98¼	−1¾	−1.58
Hitachi Credit Corp 5 96	7/81	1612	99¼	101¼	−0½	11.77
Honda Motor 5½ 97	3/82	758.6	114	115½	−0⅜	−0.88
Kawasaki 5¾ 98	8/81	229	83	84½	−0⅜	21.58
Komatsu Gomu 6½ 97	10/82	480	112¾	113⅞	−0⅜	−0.52
Kyoen Hakko 6⅛ 97	2/83	762	105¼	106¼	−0¼	7.14
Marui 6 96	7/81	789.5	124½	126	+0⅜	1.42
Minolta Camera 5 96	10/81	826.4	85⅛	86⅝	−0½	44.36
Murata 5¾ 96	7/81	1714	114	115½	−3	8.52
Nippon Electric 5¼ 97	2/82	765.9	130½	132	−2⅛	1.89
Nippon Oil Co 5½ 98	4/83	984	102⅜	103⅜	+0⅜	4.78
Nissan Motor 5¾ 98	4/83	770	95⅝	98⅝	−0⅜	−1.87
Olympus Optical 6¾ 97	12/82	1331	99⅝	100⅞	−2½	1.46
Orient Finance 5¼ 97	3/82	927.2	108⅝	109⅝	−2⅛	8.45
Sumitomo Electric 5½ 97	3/82	577.3	101½	103	−0⅜	−8.60
Sumitomo Metal 5¼ 96	10/81	296.1	78⅛	79⅝	−1⅛	44.79
Sanyo Electric 3½ 93 SF	5/83	501	103½	104½	0	2.48
Sharp Corp 3½ 93 SF	3/83	1190	113½	114½	−0⅛	−1.51
Konishiroku 6¾ 88 DM	6/82	616	112⅝	113⅞	−0⅛	4.59
Mitsubishi Heavy 6 89 DM	2/82	263	107¼	108¼	0	16.45
Stan Realty 6½ 92 DM	2/83	385	117½	118½	−1½	1.36

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cn. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

LONDON RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or –	Net Div.	Times Covered	Gross Yield
–	F.P.	–	100	85	Atl'tc M'trp'n U.S.$.10	87	.....	Q6c	0.6	6.2
‡68	F.P.	20/5	103	92	✠Bensons Crisps 10p	92	–2	g1.9	3.1	3.0
*280	F.P.	–	315	310	Boase Massimi Pollitt	315	.....	b4.5	2.8	2.0
§110	F.P.	3/6	160	120	✠Bryant (Derek) 10p	120	–3	u5.25	2.0	6.3
*225	F.P.	6/5	253	220	Datastream 5p	223	–2	b2.25	3.5	1.4
‖	F.P.	–	80	65	Don Bros., Buist	70	–1	b3.3	2.6	6.4
§14½	F.P.	31/5	15	14	Edmond Hldgs. 10p	14	.....	b1.0	1.1	10.2
‖	F.P.	–	60	34	✠IntervisionVideo10p	38	–2	1.0	3.1	3.8
§80	F.P.	20/5	135	110	✠Lorin Elect. 20p	118	–5	b1.0	3.0	1.2
§52	F.P.	–	43½	38½	MCD	40	–	u1.0	2.2	3.6
§94	F.P.	20/5	153	140	✠Microlease 10p	153	+6	ud2.0	3.6	1.9
§60	F.P.	27/5	145	118	✠Miss World Grp. 10p	118	–2	b3.0	2.8	3.6
**65	Nil	16/5	18pm	8pm	✠Mnemos 10	9pm	–1	–	–	–
*1350	F.P.	27/5	368	348	Octopus Publish. 20p	350	+2	r8.0	2.3	3.3
§248	F.P.	–	£67	£59	Perstorp AB Free 'B'	£59	.....	Q9.84	8.2	0.7
‖	F.P.	–	37	27	✠Rivlin I. D. & S. 5p	35	–2	F0.1	–	0.4
£134	F.P.	–	150	135	✠Securiguard 5p	135	–2	b1.75	2.6	2.0
§105	F.P.	10/6	163	120	✠Spring Ram 10p	120	–3	u5.0	2.3	3.6
§47	F.P.	3/6	80	65	✠Strikes Rests. 10p	65	–2	g1.35	3.5	3.1
§72	F.P.	30/3	113	89	✠Utd. Packaging 10p	104	.....	b2.5	3.2	3.4
= ‖	F.P.	20/5	44	35	✠Yorkgreen Inv. 1p	36	–1	b1.4	2.5	5.7

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £
‖	F.P.	23/6	190p	115p	Bifurcated Con. Cum. Pref. 91-95	160p
*‡100	Nil	18/5	20ppm	8ppm	✠Booth 10% Con. Uns. Ln. 1990	8ppm
–	£20	28/10	20½	19¼	Bristol 11½ pc Red. 2018	19⅝
–	£25	26/8	25	24½	Brixton Est. 11¾pc Deb	24½
**	F.P.	20/5	100	95	Brooke Tool 17% Conv. Prf.	100
§100	Nil	12/5	17ppm	12ppm	East'n Prod. 10½% Con. Ln. 1997-2002	12ppm
*101	£10	28/7	12	11¼	Folkestone Water 7% Pref. 1988	11¼
–	–	–	100⅛	100	Nationwide B. S. 10⅞% Bds. 9/4/84	100
**	F.P.	24/6	102	99¾	NewThrogm't'n Tst. (83) 12.6% 2008	99¾
93.89	£30	15/9	30½	29½	New Zealand 11¼% 2008	29½
§97.174	F.P.	6/5	104¼	94	Pearson (S) 13% Uns. Ln. 2007	104¼
99.783	F.P.	17/6	99¾	99½	Securities Tst of Scot. 12% 2003	99½
99.778	£25	21/9	25	24½	Sunderland 11¾% Red. 2008	24½
‖	Nil	12/5	12ppm	½ppm	Tomatin Dist. 7pc Cnv. Pref.	½ppm
§98.578	£25	31/8	24	23	Trafford Park Est. 11¾% 2007/11	23
100	F.P.	13/5	112p	105p	Wellman Eng. 10% Irr. Pref.	105p

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1983 High	1983 Low	Stock	Closing price p
35	Nil	–	–	14pm	6pm	Anvil Pet. 20p	6pm
65	F.P.	26/4	3/6	115	97	BSR 10p	110
155	F.P.	8/4	31/5	206	175	Brit. Car Auctions 10p	184
45	F.P.	30/4	3/6	53	49	Comben Grp. 10p	49
42	Nil	–	6/6	16pm	½pm	Combined Tech. 10p	1pm
65	Nil	–	3/6	39pm	26pm	Dubilier 5p	26pm
125	Nil	–	17/6	25pm	19pm	EIS	19pm
14	Nil	19/5	31/5	1½pm	½pm	Edmond Hlds. 10p	½pm
135	Nil	–	–	65pm	36pm	Electro Protective $0.05	36pm
585	F.P.	–	27/5	685	522	Fisons £1	618
163	F.P.	11/5	10/6	186	162	Geers Gross 10p	176
145	Nil	–	–	21pm	12pm	GKN £1	13pm
146	Nil	–	–	11pm	7pm	Hawley Grp.	9pm
198	F.P.	6/5	2/6	246	206	✠Immediate Business 10p	223
185	F.P.	20/4	17/6	330	215	LASMO	265
110	F.P.	3/5	27/5	125	112	Leisuretime Int. 10p	112
100	Nil	–	–	40pm	34pm	Mellins 5p	38pm
290	F.P.	6/5	10/6	365	355	Mills & Allen	355
176	F.P.	28/4	26/5	248	224	Mowlem (J)	228
1.25	Nil	13/5	24/6	17¼pm	14pm	Norton (W.E.) 1p	14pm
150	Nil	–	–	12½pm	10pm	Rightwise 10p	12½pm
–	F.P.	6/5	3/6	30	15½	Sheffield Brick	28
178	Nil	–	–	24pm	14pm	Spirax-Sarco	14pm
390	F.P.	–	10/6	462	430	Standard Chartered Bank £1	446
140	Nil	–	–	115pm	105pm	Warehouse Gp.	135pm
15	F.P.	26/4	27/6	25½	22	Whittington Int'l	22½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✠ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

German bank in $100m Eurobond

By Mary Ann Sieghart in London

COMMERZBANK launched a $100m bond with equity warrants in the Eurodollar market yesterday. Led by Commerzbank itself, the five-year bond has a coupon of 7 per cent at par.

Each $1,000 bond carries three warrants to buy a total of 12 Commerzbank bearer shares at DM 171 each. Yesterday, the shares closed at DM 174. In the pre-market, the issue was quoted at around 102.

Other bonds with warrants, whose prices had soared last week along with investor enthusiasm for equity-linked bonds, started to fall back again yesterday. The most dramatic was the Deutsche Bank $100m, 6¾ per cent 1991 issue, which slumped from around 120 to about 104 on the day. One dealer said: "I think this is a healthy sign that the market is becoming more realistic. The prices went up to levels which were unsustainable."

Secom's $40m convertible was priced yesterday by Nomura International. The coupon was set at 5 per cent, rather than the 5½ per cent indicated originally. The conversion price is Y2920, the same as yesterday's closing price.

The dollar secondary market was quiet, with little turnover and unchanged prices.

The Asian Development Bank is raising DM 100m through a private placement in Germany arranged by Bayerische Hypothekenbank. The 10-year issue carries a coupon of 8¼ per cent at par. Market reaction was positive, with pre-market quotes at a discount of around 1 point.

The German secondary market closed unchanged on the day.

In Switzerland, Honda came out with its long-awaited two-tranche convertible deal – a five-year private placement and a 10-year public issue, both for SwFr 100m and with an indicated yield of 3⅜ per cent. UBS is leading the deal.

Prices in the Swiss secondary market fell slightly in lack-lustre trading.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$400	11	44 B	2	58	–	–	$444
GOLD C	$425	27	19 B	–	–	1	46 B	"
GOLD C	$450	193	5	29	25	4	37.50	"
GOLD C	$475	20	0.80	13	14.50	11	29	"
GOLD C	$500	5	0.50	36	9.50	10	18	"
GOLD C	$550	14	0.10	210	3.50	26	10	"
GOLD P	$400	10	0.20	7	4	46	7	"
GOLD P	$425	–	–	140	7	54	12	"
GOLD P	$450	128	10	125	17	31	25	"
GOLD P	$475	32	33 A	3	41	–	–	"
		June		Sept.		Dec.		
SILV C	$10	5	3	–	–	–	–	$13.08
SILV C	$11	6	2.40	–	–	–	–	"
SILV C	$12	3	1.50	6	2.20	5	3	"
SILV C	$13	13	1	21	1.60 B	15	2	"
SILV P	$11	10	0.15	3	0.55	–	–	"
SILV P	$13	5	0.90	–	–	–	–	"
		July		Oct.		Jan.		
AKZO C	F.32.50	31	30	–	–	–	–	F.63.30
AKZO C	F.40	10	22.50 B	1	23 B	–	–	"
AKZO C	F.45	15	18	90	18	–	–	"
AKZO C	F.50	384	13	134	15	–	–	"
AKZO C	F.55	650	8.50	48	10.50	1	10.50 B	"
AKZO C	F.60	1883	6.20	182	7.30	70	10	"
AKZO C	F.65	728	4	178	5.80	139	7.10	"
AKZO P	F.45	–	–	1	1.10	–	–	"
AKZO P	F.50	253	0.50	–	–	–	–	"
AKZO P	F.55	935	1.70 A	20	3.80	5	5.50	"
AKZO P	F.60	382	4	10	8	–	–	"
KLM C	F.100	1	52	–	–	–	–	F.153.30
KLM C	F.110	1	42.50	–	–	–	–	"
KLM C	F.120	3	32 B	–	–	–	–	"
KLM C	F.140	14	17.50	12	22	–	–	"
KLM C	F.150	12	11.20	15	16	–	–	"
KLM C	F.160	78	6.30	15	11.50 B	–	–	"
KLM C	F.170	144	4.50	7	7.50	–	–	"
KLM P	F.120	60	1.50	–	–	–	–	"
KLM P	F.130	27	3.70	–	–	–	–	"
KLM P	F.140	48	6	6	9	–	–	"
KLM P	F.150	51	8.60 B	4	14.50	–	–	"
PHIL C	F.30	–	–	10	16	–	–	F.45.60
PHIL C	F.32.50	8	12.80 B	–	–	–	–	"
PHIL C	F.35	8	10.30 B	5	11	–	–	"
PHIL C	F.40	82	6.50	7	8	–	–	"
PHIL C	F.45	109	3.50	27	5.90	4	7	"
PHIL C	F.50	309	1.80	77	3.50	26	4.80	"
PHIL P	F.30	2	0.10	–	–	–	–	"
PHIL P	F.35	–	–	5	1	–	–	"
PHIL P	F.40	129	0.90	30	2	–	–	"
PHIL P	F.45	27	2.30	15	3.80	–	–	"
PHIL P	F.50	–	–	2	6	1	7	"
RD C	F.90	3	28.50	–	–	–	–	F.119.20
RD C	F.100	51	19.50 A	12	19.50	–	–	"
RD C	F.110	99	9.50 B	23	10.70	9	13	"
RD C	F.120	143	4	185	6.80	85	8.50	"
RD C	F.130	177	1.60	70	3.80	12	6	"
RD P	F.100	6	0.60	8	3	–	–	"
RD P	F.110	53	2.80	44	5.30 B	–	–	"
RD P	F.120	10	7.10	10	11 A	4	13.50	"
UNIL C	F.200	1	10.80	4	14.50	–	–	F.208.50
UNIL C	F.220	76	4.50	1	7.20	–	–	"
UNIL P	F.190	3	3.50	–	–	–	–	"
UNIL P	F.200	48	7	6	10.30	–	–	"
UNIL P	F.220	27	22.50	–	–	–	–	"
		May		Aug.		Nov.		
12¾ NL 81 87-91								
C	F.127.50	–	–	105	3.60	–	–	F.129.70
C	F.130	–	–	115	1.80	–	–	"
C	F.1135	–	–	–	–	150	2 A	"
P	F.130	30	0.70	–	–	–	–	"
7¾ NL 82 89-93								
C	F.100	–	–	–	–	100	1.20	F.97.80
P	F.97.50	–	–	400	1.50	–	–	"
P	F.102.50	9	4.80	–	–	4	5.80	"
7½ NL 83 87-90								
C	F.97.50	50	0.50	–	–	200	1.60	F.97.70
C	F.100	–	–	–	–	4	0.90	"
P	F.97.50	–	–	15	1.20	4	1.50	"

TOTAL VOLUME IN CONTRACTS 12,588

A=Asked B=Bid C=Call P=Put

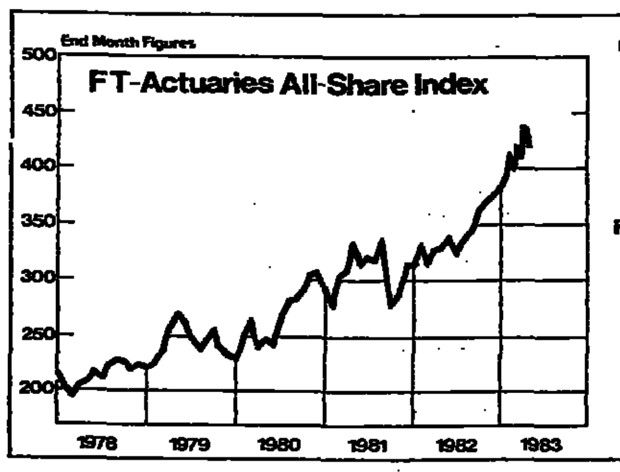
SECTION III – INTERNATIONAL MARKETS

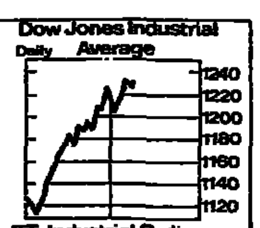
FINANCIAL TIMES

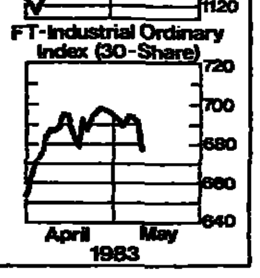
Wednesday May 11 1983

Copper climbs to three-year high, Page 35

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	May 10	Previous	Year ago
DJ Industrials	1229.68	1228.23	860.92
DJ Transport	550.75	549.40	349.53
DJ Utilities	129.06	129.11	116.58
S&P Composite	165.96	165.81	118.38
LONDON			
FT Ind Ord	676.7	690.2	585.1
FT-A All-share	420.90	427.88	335.89
FT-A 500	436.53	465.13	365.83
FT-A Ind	421.61	429.37	332.53
FT Gold mines	677.0	651.6	226.0
FT Govt secs	80.98	81.28	68.94
TOKYO			
Nikkei-Dow	8667.99	8719.88	7564.59
Tokyo SE	634.45	637.7	559.54
AUSTRALIA			
All Ord.	607.4	595.9	513.6
Metals & Mins.	547.0	531.9	382.1
AUSTRIA			
Credit Aktien	*58.62*	*58.99*	*52.54*
BELGIUM			
Belgian SE	122.01	121.72	94.27
CANADA			
Toronto			
Composite	2457.7	2429.38	1555.1
Montreal			
Industrials	419.34	415.87	285.96
Combined	*407.05*	*404.14*	*267.88*
DENMARK			
Copenhagen SE	144.07	142.98	93.78
FRANCE			
CAC Gen	124.8	123.9	111.0
Ind. Tendance	128.9	128.5	123.4
WEST GERMANY			
FAZ-Aktien	312.17	315.38	231.24
Commerzbank	*935.4*	*943.8*	*705.4*
HONG KONG			
Hang Seng	*945.32*	*967.62*	*1377.55*
ITALY			
Banca Comm.	189.8	191.34	185.62
NETHERLANDS			
ANP-CBS Gen	127.1	127.5	95.0
ANP-CBS Ind	105.7	107.0	74.8
NORWAY			
Oslo SE	189.61	190.31	109.18
SINGAPORE			
Straits Times	957.32	950.99	776.81
SOUTH AFRICA			
Golds	951.8	928.6	414.4
Industrials	918.7	912.2	595.2
SPAIN			
Madrid SE	115.68	113.27	123.62
SWEDEN			
J & P	1507.19	1480.97	582.85
SWITZERLAND			
Swiss Bank Corp	328.5	329.6	257.2
WORLD	May 9	Prev	Yr ago
Capital Int'l	179.5	179.3	140.6

GOLD (per ounce)

	May 10	Prev
London	$443.50	$434.50
Frankfurt	$443.75	$434.25
Zürich	$443.50	$434.50
Paris (fixing)	$439.26	$437.61
New York (May)	$443.20	$441.60

* *Indicates latest pre-close figure*

CURRENCIES

	U.S. DOLLAR May 10	U.S. DOLLAR Previous	STERLING May 10	STERLING Previous
£	1.5650	1.5670	–	–
DM	2.4440	2.4350	3.8275	3.8175
Yen	232.60	232.65	364.25	364.75
FFr	7.3660	7.34	11.5250	11.50
SwFr	2.0425	2.0375	3.20	3.1950
Guilder	2.7490	2.7440	4.3050	4.3025
Lira	1454.5	1452	2276	2275
BFr.	48.90	48.69	76.55	76.30
C$	1.22775	1.22625	1.9195	1.9215

INTEREST RATES

Euro-currencies	May 10	Prev
(three month offered rate)		
£	10⅞	10⅝
SwFr	4⅝	4⅝
DM	5	5¹⁄₁₆
FFr	15¼	15¼
FT London Interbank fixing		
(offered rate)		
3-month U.S.$	*8⅞*	*8⅞*
6-month U.S.$	8¹⁵⁄₁₆	8¹⁵⁄₁₆
U.S. Fed Funds	8¼	8⅞
U.S. 3-month CDs	8.45	8.45
U.S. 3-month T-bills	8.01	8.12

U.S. Treasury Bonds

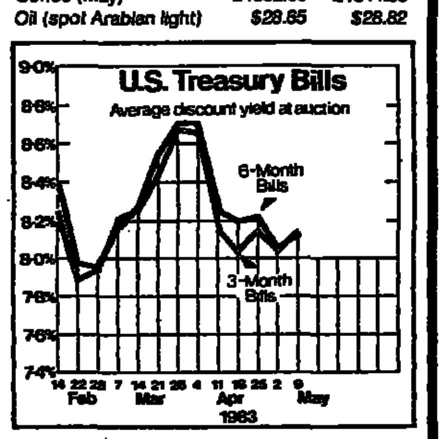
	May 10 Price	May 10 Yield	Prev Price	Prev Yield
9½ 1985	100¹⁹⁄₃₂	9.18	100¹⁹⁄₃₂	9.20
10½ 1990	102⁵⁄₃₂	10.07	101²²⁄₃₂	10.14
10½ 1993	99²⁸⁄₃₂	10.16*	99¹⁹⁄₃₂	10.22
10⅜ 2012	100²⁴⁄₃₂	10.28	100⁹⁄₃₂	10.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
June	79–12	79–15	78–26	78–26
U.S. Treasury Bills (IMM)				
$1m points of 100%				
June	92.08	92.09	91.96	91.94
Cert Deposit (IMM)				
$1m points of 100%				
June	91.72	91.73	91.65	91.64
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	91.35	91.37	91.33	91.34
20-year Notional Gilt				
£50,000 32nds of 100%				
June	104–16	104–21	104–06	104–23

LONDON COMMODITY MARKETS

	May 10	Prev
Silver (spot fixing)	823.20p	797.85p
Copper (cash)	£1139.00	£1124.50
Coffee (May)	£1852.00	£1844.50
Oil (spot Arabian light)	*$28.65*	*$28.82*



WALL STREET

Fed move eases the tension

FINANCIAL markets on Wall Street opened nervously yesterday with both bond and share sectors waiting somewhat apprehensively for the next move by the Federal Reserve Board, *writes Terry Byland in New York.*

The tension eased a little at mid-session when the Fed, having first announced minor customer sales of $255m, then both pleased and confused the market by stating that it would buy all coupon issues.

At the close, the Dow Jones Industrial Average was 1.45 up at 1229.68 on turnover of 104.2m shares. The modest rise in the Dow average reflected a mixed performance by the market leaders, but the general advance in the broader market showed itself in the preponderance of share gains, at 980 over share declines at 692.

The market had feared a further move to drain reserves, as happened on Monday when the Fed arranged three-day reverse purchases.

Several other market fundamentals were favourable. The Federal funds rate fell to 8¼ per cent and another bank cut its broker loan rate by ¼ point to 9¼ per cent.

In the equity market, the underlying tone remained very firm and turnover was high. Share prices made an attempt to move higher in the early part of the session but the advance was halted by profit-taking sellers.

The major institutions showed their hand in the form of a large number of block trades. Among the leading stocks to attract such trading were Ford Motor, Citicorp, Exxon, Mobil and Nabisco.

A lengthy list of share and debenture offerings also bore witness to the confidence in the market outlook. L. M. Ericsson is raising $230m by share issue and the Student Loan Marketing Association will raise $400m in notes to be priced tomorrow.

Reports of an unfriendly response in Congress to suggestions that Chrysler wants the U.S. Government to forgo its rights to stock below market prices took $1⅛ off Chrysler shares to $27⅜.

Profit-taking among other motor stocks left General Motors $⅛ off at $69⅝. But there was a further gain of $⅝ in American Motors to $11, despite rejections from some analysts of any sound reason for the recent strength of the shares.

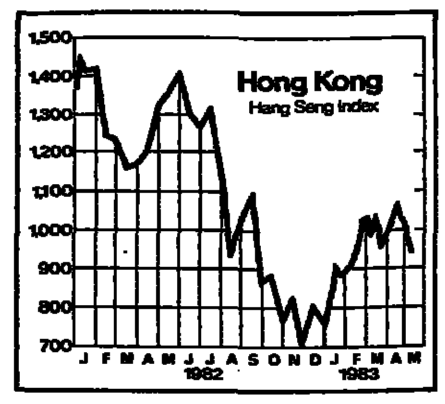
Pan American was active again ahead of the board's prediction of an improvement ahead but profit-takers left the stock $⅛ down at $6⅜.

IBM shed $¼ to $117¼ while General Electric, although a shade firmer at $110⅞ had slipped back from $111⅛.

In the credit markets, buying of Treasury Bills strengthened after the Fed's announcement of its market operations for the day. Yields on the near dated bills fell by as much as 13 basis points, with the three month bills at a discount of 7.99 per cent and the six month bills at 7.98.

The coupon issues were slow to respond to the Fed's offer to buy stock and the benchmark long bond, the 10⅜ per cent of 2012, edged up to 100²⁴⁄₃₂ from its overnight level of 100¹⁹⁄₃₂.

Stock prices in **Toronto** continued their upward move. The advance was over a broad range with all 14 of the major stock groupings higher, paced by the resources and real estate sectors. Shares also moved firmly ahead in **Montreal.**



LONDON

Election doubts set in

ELECTION doubts unnerved equity markets in London and dealers at one stage faced the possibility of the FT Industrial Ordinary share index sustaining its largest-ever one-day fall.

At the start of trading, investors opted to realise the sizeable profits built up since early January rather than face the uncertainty of four weeks' electioneering. Above-average lines of good quality stocks came on offer from institutional sources, forcing jobbers to increase already adequate book positions.

During the morning, stock became increasingly difficult to place, and by mid-afternoon the situation was desperate, with the FT 30-share index down over 22 and set to surpass its biggest closing fall of 24, recorded on March 1, 1974.

A late technical recovery started tentatively but accelerated in thin trading as nerves were calmed by the NatWest chairman's forecast of a modest decline in interest rates within the next month or so. The rally continued in after-hours' business and finally the index reduced its fall to a net 13.5, at 676.7, the second largest setback this year.

Government securities were affected, but quotations were not slashed to the extent of equity values. Falls among the longs ranged to nearly a point at one stage, but were reduced to half that later as the market became encouraged by thoughts of lower base lending rates. The mid – April banking statistics also helped late sentiment, although some apprehension remained over the latest Central Government Borrowing Requirement, due to be announced today. Shorter maturities tended to stand their ground, losing only ⅛ or so.

However, an upsurge in overnight Australian markets coupled with a good performance by the bullion price, which boosted South African golds, enabled mining markets to put on one of their best all-round performances for a number of weeks.

Australians rose sharply from the outset, aided by reports of substantial Far Eastern buying in overnight Sydney and Melbourne markets. An initial mark-up was followed by a flurry of London buying interest. This failed to follow through, however, and prices generally receded to close well below the day's best levels.

Among insurances, Commercial Union rallied strongly on the announcement of first-quarter profits above estimates and closed 20p firmer on balance at 160p. Other composite insurances took heart from the announcement and usually reduced early falls by a few pence.

Major clearing banks staged a late rally and overall losses were limited to single figures.

Share price information Pages 36–37.

FAR EAST

Tokyo tumbles from peak

LARGE-SCALE late profit-taking on growing concern about the recent price rises left shares sharply lower in **Tokyo,** although another record high was achieved early in the day.

The Nikkei Dow industrial average lost 51.89 on the day to end at 8,667.99 after the all time peak of 8,734.78.

Oils led the early advance, helped by the yen's appreciation against the dollar. But later, the oil issues came in for heavy profit-taking amid growing concern over the tension between Israel and Syria. Nippon Oil fell Y18 to Y912, Mitsubishi Oil Y9 to Y358 and Showa Oil Y3 to Y401.

International populars were easier as foreign buying dwindled during the afternoon. Sony shed Y50 to Y3,760 and Matsushita Electric Y40 to Y1,480.

Vehicles were also generally lower with Toyota Motor falling Y20 to Y1,160.

Despite the day's decline, the market view is that prices will soon renew their upward track as a result of the yen's continued rise against the dollar and the increasing likelihood of a cut in the Bank of Japan's official discount rate.

In **Hong Kong,** too, shares fell back with the Hang Seng index breaking through what had been seen as the chart resistance level of 950. The measure ended at 945.32 for a loss on the day of 22.30.

The decline was attributed to lack of buyer support, a weak local currency and the concern over the colony's future being exacerbated by the announcement of the general election in Britain.

Blue chips led the losses with Cheung Kong off 35 cents to HK$8.45, Hongkong Bank 20 cents at HK$7.90, Hongkong Land 10 cents to HK$3.97, Hutchinson Whampoa 80 cents to HK$12.30, Jardine Matheson 30 cents to HK$13.10 and Swire Pacific "A" 20 cents to HK$12.60.

Meanwhile, in **Singapore,** shares were higher amid renewed buying and the Straits Times industrial index rose 6.33 to 957.32.

The advance was led by banks and industrials, among which National Iron rose 20 cents to S$7 after its sharp fall on Monday following a free scrip issue. Fraser and Neave was unchanged at S$9.20 and Pan-Electric rose 11 cents to S$2.93 in active dealings. Properties were mostly unchanged and lightly traded.

EUROPE

Frankfurt continues to consolidate

WALL STREET'S lower overnight close left shares in **Frankfurt** continuing the consolidation of recent days. Turnover was subdued and the Commerzbank index, calculated at midday, fell 8.4 to 935.4.

Banks were lower in line with the weaker trend and Commerzbank shed DM 3.10 to DM 174.10 despite higher first-quarter earnings. Dresdner lost DM 4 to DM 186, Deutsche DM 4.20 to DM 328.20, Bayernhypo DM 3 to DM 309 and Bayernverein DM 5 to DM 336.

BASF picked up 60 pf to DM 145.50 against the trend after improved first-quarter pre-tax earnings, and Bayer added 20 pf in its wake. AEG continued to rise, closing DM 1.10 higher at DM 79 – after a peak of over DM 80, ahead of its annual press conference later in the day.

Prices of domestic bonds drifted lower in a dull session, with hopes of an early cut in the U.S. discount rate fading.

In **Paris,** some encouragement was taken from the Bank of France's ¼ percentage point cut in call money rate to 12½ per cent and shares ended mixed with a firmer bias.

In **Amsterdam** shares were also mixed though many stocks recovered slightly from lower openings. Among the most active was the Dutch international, Akzo which firmed Fl 6 to Fl 63.3 following higher first-quarter results and a one-for-10 share issue.

Dutch bonds showed a slight decline ahead of an expected new government bond tender.

Domestic and foreign shares were steady in moderate trading in **Brussels.** Chemicals issues were depressed, however, with UCB declining BFr 100 to BFr 3,500, Tessenderlo BFr 8 to BFr 1,262 and Gevaert BFr 20 to BFr 2,180. However, Petrofina gained BFr 10 to BFr 5,500.

In **Zurich** the market paused for breath after its recent highs, leaving domestic issues barely steady. There was scattered selling which the market was easily able to absorb.

Shares were very firm in **Stockholm.** Saab-Scania closed SKr 16 higher at SKr 347 while Volvo "A" and "B" shares also rose.

The bourse is to be closed each Wednesday from next week until June 22 for an overhaul in the share certificate delivery system.

Madrid was also firmer in its first trading session since Sunday's municipal elections which saw reaffirmed support for the Socialist Government. The Madrid bourse index rose 2.41 to close at 115.68.

Widespread losses were seen in all sectors in **Milan,** however.

AUSTRALIA

Resources gain

SHARES built on the upward momentum that began on Monday in **Sydney** to close at their highest level this year. The All Ordinaries index moved through the 600 level early and continued higher throughout the session, finishing up 11.6 at 607.5.

The upward trend accelerated sharply late in the day after ANZ Bank announced a prime rate cut to 15 per cent, effective Friday.

The resource sector saw the sharpest gains, as indicated by the All Resources index which firmed 14.3 to 487.9 – another high for the year.

Leading resource stocks to gain included BHP, 30 cents to A$8.34, CRA 25 cents to A$5.20, MIM 18 cents to A$4.68, Bougainville Copper 15 cents to A$2.75, Western Mining 13 cents to A$4.88 and North BH 10 cents to A$3.

SOUTH AFRICA

Golds firmer

GOLD issues extended early gains when they came in for strong demand in **Johannesburg** as the bullion price edged above $440.

Among heavyweight issues, President Steyn added R2.50 to R64, while in lightweights Loraine advanced 35 cents to R8.65.

Other minings and financials took the same trend with diamond share De Beers 30 cents ahead at R10, Rustenburg Platinum 40 cents up at R9.60 and Anglos 25 cents firmer at R26. Industrials were mixed to firmer.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
13⅝	5¼	AAR	.44	3.2	21	657	u14⅛	13¼	13¾	+ ¼
37⅞	27½	ACF	2.76	7.6	15	455	37⅞	36	36½	+ ⅝
20	12¼	AMF	.50	3.1		1083	16¼	15¾	16⅛	− ⅛
30⅞	13¼	AMR Cp				1551	30⅞	30	30¼	+ ⅛
16⅞	4	AMR	wt			778	16½	15⅞	16⅛	
18¼	12⅞	AMR	pf2.18	12.		80	18	17⅞	18	+ ¼
35	24⅞	AMR	pf2.13	6.2		90	34⅛	33⅞	34⅛	
8⅞	2½	APL				317	u8⅞	8	8⅞	+ ¼
51¼	25¼	ARA	2.05	4.0	15	220	u51⅞	50⅞	51⅛	+ ¼
79⅞	24½	ASA	3a	4.0		1807	77¼	74⅝	75½	+1
32⅞	13⅝	AVX	.32	1.0	50	548	31¼	30⅞	31	
47½	27⅞	AbtLab	1	2.2	18	1234	46	45⅞	45⅞	+ ⅛
29⅞	26½	AccoW	n.12e	.4	28	121	u30⅛	29⅞	30⅛	+ ⅛
22⅞	15⅞	AcmeC	.40	1.9		42	21⅞	21⅛	21⅛	− ⅝
13⅞	5¼	AcmeE	.32b	2.3	44	102	13¾	13⅝	13¾	+ ¼
18⅝	4⅞	AdmDg	.04	.2	17	76	18⅝	18⅛	18½	+ ⅛
17⅞	12½	AdaEx	1.73e	10.		235	17½	16⅞	16⅞	− ½
12⅞	4⅞	AdmMl	.24	2.0	11	45	12⅝	12	12	
28	12⅞	Advest	s.16	.6	14	180	27⅞	27⅛	27⅛	− ⅛
46⅞	13	AMD	s		59	2177	45⅞	45¼	45⅞	+ ½
44⅞	33⅞	AetnLf	2.64	6.3	8	1663	42½	41⅞	42⅛	+ ⅛
39⅞	8	Ahmns	.60	1.5		4337	u40⅛	39½	39⅞	+ ⅛
4	2⅛	Aileen				1443	u4⅛	3⅞	4⅛	+ ⅛
48⅛	23⅞	AirPrd	.80	1.9	13	1951	42⅞	41⅞	42⅛	+1⅛
25⅞	8⅞	AirbFrt	.60	2.4	26	436	25⅞	25	25⅛	− ⅛
3	2	AlMoa	n		5	272	3	2⅞	2⅞	
32⅛	24⅝	AlaP	pfA3.92	12.		11	32⅞	32½	32⅞	− ⅛
7½	5⅞	AlaP	dpf.87	12.		61	7⅞	7⅛	7⅛	− ⅛
95¼	73½	AlaP	pf 11	11		z10	95¼	95¼	95¼	− ½
81½	57	AlaP	pf9.44	12.		z50	81	81	81	
68	51	AlaP	pf8.28	12.		z320	u68½	67½	67½	+ ½
18⅞	13	Alagsco	1.76	9.4	6	14	18⅞	18½	18⅝	+ ¼
15½	4⅞	AlskAr	.12	.8	12	371	15¼	15⅛	15⅛	+ ⅛
39¼	23⅛	Albany	1.40	3.6	20	186	39	38⅞	38⅞	+ ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20⅞	6½	AAV	.32	1.7	15	14	19⅝	19¼	19¼	−¼
4¼	2¼	AlCPh				9	4	3⅞	3⅞	−⅛
6⅛	1	ATI			14	448	3⅞	3	3¼	−⅛
11⅞	2	AcmePr			30	45	10	9⅞	9⅞	
21¼	12¼	AcmeU	.40	1.8	19	20	u21¼	20⅞	21¼	+1¼
30¼	2¼	Action			7	63	30¼	28¼	28⅞	
8⅝	5⅞	Actona	.10t	1.4	42	150	7⅞	7⅛	7⅛	−⅛
3⅞	⅞	Actn	wt			31	1⅞	1¼	1¼	
5	1¼	AdmRs	.10	4.0		39	2⅝	2½	2½	
27⅞	12	AdRusl	s.10	.4	28	245	28¼	28⅛	28¼	
21½	11½	Adobe	.20	1.1	12	156	17⅞	17⅞	17⅞	+⅛
3⅞	2	AeglsCp			13	426	3⅝	3½	3½	
21½	9⅞	Aeroflx	1.55t	7.9	17	154	19⅞	18	19½	+1⅝
7	2½	Aeronca			11	298	6¼	5⅞	5⅞	−⅛
29¼	9¼	AfilHsp	.32	1.1	13	39	u29¼	28¼	29	+⅞
37¼	16⅛	AfilPb	s.64	1.7	18	2	u37¼	37½	37¼	+½
11¼	3⅝	AirSix			9	290	11	10½	11	−¼
15½	4⅞	AirExp				98	14⅛	13⅞	14	+⅛
19¼	3⅝	AlbaW	.15e	.8	20	147	19	18½	18⅞	+¼
21⅞	6	AllenT	.75t	4.3		11	17½	17	17⅞	+⅛
12	6⅝	AlmySt		2.0	247	5	9⅞	9⅝	9⅞	
10⅞	5¼	AlphaA			6	52	8	7¼	7⅞	−¼
24⅞	10¼	Alpnel	s		30	149	22¼	21⅞	22¼	+¼
15⅞	7⅛	Altamil	.40	2.7	9	4	15	14⅞	15	−⅛
1⅞	½	Altec				73	1¼	1⅛	1¼	+⅛
8½	4⅞	Altec	pf			5	8	8	8	+⅛
2⅞	1⅛	Altex				122	1¼	1⅛	1⅛	+⅛
⅞	1-16	Altex	wt			10	¼	¼	¼	
51⅞	17¼	Amdhl	.40	.8	14	985	50¼	49⅞	50	−¼
47½	6⅞	Amedc	s.12	.3	32	127	u48¼	47¼	47¼	+¼
5½	3½	ABilt	n.15	2.8	6	58	5½	5¼	5⅛	−⅛
5	⅞	AmCap				46	5	4⅞	4⅞	−⅛

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
61¼	38	Upjohn	2.28	3.8	14	513	60¼	59⅞	60⅛	+⅞
27	14½	USLIFE	.88	3.5	7	x436	25⅝	25¼	25½	+⅛
28½	18¼	USLF	pf2.25	8.3		z21	27¼	27	27¼	+¼
10	7½	UslfeFd	1.04e	11		60	9⅞	9½	9¼	
23¼	17¼	UtaPL	2.28	9.5	10	301	u24	23⅞	23⅞	+⅛
25¼	19⅞	UtPL	pf2.80	11		15	25½	25¼	25½	+¼
26⅝	20	UtPL	pf2.90	11		465	u26¼	26⅛	26⅛	−⅛
22	15⅞	UtPL	pf2.36	11		1	21½	21¼	21¼	+¼
20¼	13⅝	UtPL	pf2.04	11.		4	19	19	19	+⅛
V–V–V										
74½	20	VF Cp	s1.60	2.2	12	160	u74¼	74	74⅛	+⅞
27¼	13½	Valero	.40	1.6	9	137	24⅞	24⅛	24½	−¼

Continued on Page 34

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

ITALY

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (57)

AMERICANS (10)
American Express, Caterpillar, Chase Manhattan, Eaton Corp., Honeywell, Int. Tel. & Tel., Rockwell Intl., Shell Oil, Sun Co. Inc., Time Inc.

CANADIANS (3)
Inco, Massey Ferguson, Talcorp Pref.

BREWERS (1)
Vaux

CHEMICALS (1)
Novo Inds. A/S B

ELECTRICALS (1)
ASEA AB

ENGINEERING (2)
Cummins '78-94, Fife Indmar

HOTELS (1)
Prince of Wales

INDUSTRIALS (9)
Bespak, Bridgend Processes, Caparo Inds., Duple Intl., Embart Corp., Johnston Group, Lilleshall, Pitney Bowes Ln., Renown Inc.

INSURANCE (1)
Allianz Vers.

LEISURE (2)
Barr & W.A.T. A, Radio City A N-V

MOTORS (1)
Volvo

NEWSPAPERS (1)
Webster's

PAPER (1)
Smurfit (Jefferson)

PROPERTY (1)
Dencora

SOUTH AFRICANS (1)
Barlow Rand

TRUSTS (5)
London & Gartmore, New Court, West Coast & Texas, Rolinco NV, Do. Sub. Shs.

OIL & GAS (1)
Ranger Oil

PLANTATIONS (2)
Highlands, Malakoff

MINES (13)
Randfontein Est., Grootvlei, Elandsrand Gold, Hartebeest, Anglo Amer., Gold Fields S.A., Jo'burg Cons., De Beers Defd., Impala Plat., Rustenburg Plat., Sons of Gwalia, Sabina, Tara Explrtn.

NEW LOWS (79)

BRITISH FUNDS (2)
Treas. 10½pc '89 (£25-paid), Exchqr. 12¼pc 1985

BANKS (1)
Alexanders Discount

BREWERS (4)
Bell (Arthur), Buckley's Brew, Tomatin, Whitbread A

BUILDINGS (9)
AMEC, French Kier, Lilley (F. J. C.), Magnet & Southerns, Redland (Warrants), SGB, Streeters, Tarmac, Watts Blake

CHEMICALS (1)
Anchor Chemical

STORES (4)
Amber Day, Asprey, Grattan, Greenfields Leisure

ELECTRICALS (3)
Black (Michael), Cont. Microwave, HB Elect. Comps.

ENGINEERING (2)
Farmer (S. W.), Howden

FOODS (9)
Alpine Soft Drinks, Batleys of Yorkshire, Bejam, Berisford (S. & W.), Bio-Isolates, Cavenham, Hillards, Kwik Save, Lennons

HOTELS (2)
Queen's Moat, Do. 10½pc Conv. 1989-91

INDUSTRIALS (15)
Benlox, Cole, Combined Tech., Fothergill Harvey, Hanson Trust 9½pc Conv. 2001-06, Jardine Matheson, Lep, Macarthys Pharm., Maclellan, Russell (A.), Sangers, Sheldon Jones, Stag Furniture, Unilever, United Parcels

INSURANCES (1)
London United

LEISURE (7)
Horizon, Medminster, Nimslo Intl., Owners Aboard, Owners Abroad, Pineapple Dance Studios, Television Services, Zetters

PAPER (1)
Wight Collins R.S.

PROPERTY (6)
London Manchester, Speyhawk, Warnford Inv., Thames Inv. & Secs., Do. 12pc Cnv. Pf., Westminster Prop.

SHOES (1)
FII

SOUTH AFRICANS (1)
Checkers Stores A

TEXTILES (1)
Stirling

TOBACCOS (1)
Rothmans

TRUSTS (4)
Leda Inv. Inc., M. & G. Dual Cap., N. Throg. ('83) Cap., Martin (R. P.)

OIL & GAS (3)
American Oil Fields, Atlantic Resources, Bracon

MINES (1)
Admiral Mines

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Tue May 10 1983: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon May 9: Index No.	Fri May 6: Index No.	Thur May 5: Index No.	Wed May 4: Index No.	Year ago (approx.): Index No.
1	CAPITAL GOODS (206)	457.27	−2.0	8.63	3.78	14.82	466.50	468.80	470.63	472.29	393.99
2	Building Materials (23)	428.21	−1.5	9.93	4.71	12.46	426.45	430.26	433.74	439.78	347.26
3	Contracting, Construction (30)	736.31	−1.8	12.11	4.66	10.04	749.80	754.46	762.47	776.83	657.80
4	Electricals (33)	1734.05	−1.6	6.93	2.82	18.65	1762.59	1762.24	1771.66	1772.74	1480.55
5	Engineering, Contractors (10)	479.18	−1.7	15.14	6.32	8.12	487.60	497.06	498.17	497.61	386.40
6	Mechanical Engineering (64)	212.81	−2.6	11.41	5.43	10.95	218.49	219.85	220.32	221.38	207.36
8	Metals and Metal Forming (11)	176.93	−2.6	10.10	6.60	12.14	181.70	181.37	181.95	182.83	160.90
9	Motors (18)	99.34	−2.8	1.43	5.40	—	182.15	182.58	182.60	183.97	97.27
10	Other Industrial Materials (17)	441.57	−3.2	7.23	5.08	18.18	456.85	456.00	459.98	453.25	387.22
21	CONSUMER GROUP (201)	417.73	−1.8	10.25	4.37	11.86	425.57	426.72	427.80	429.14	311.61
22	Brewers and Distillers (23)	458.22	−0.8	11.29	4.77	10.81	454.85	455.17	461.65	465.98	311.18
25	Food Manufacturing (21)	324.91	−2.4	13.78	5.89	8.52	332.80	333.56	331.92	331.57	276.96
26	Food Retailing (14)	840.71	−2.7	7.60	2.91	16.56	864.82	862.79	864.70	862.12	587.52
27	Health and Household Products (8)	808.59	−2.2	5.30	2.33	22.45	826.66	822.42	833.64	829.68	461.69
29	Leisure (24)	522.83	−2.7	7.58	4.64	17.29	536.77	541.76	545.30	552.83	449.50
32	Newspapers, Publishing (14)	801.35	−1.6	10.52	4.86	11.51	814.72	813.59	817.67	824.64	533.50
33	Packaging and Paper (14)	153.94	−1.7	13.22	6.45	8.95	156.54	158.00	155.27	152.29	149.16
34	Stores (48)	365.90	−2.1	8.43	3.88	15.88	373.68	375.44	379.34	376.81	285.71
35	Textiles (22)	199.46	−1.7	13.04	5.61	9.17	202.92	203.51	203.65	206.18	130.09
36	Tobaccos (3)	436.18	—	21.88	7.08	5.12	436.05	440.19	447.52	439.29	390.85
39	Other Consumer (10)	373.48	−1.2	6.77	3.87	—	378.83	378.12	381.95	383.95	292.53
41	OTHER GROUPS (79) ●	337.57	−1.7	8.57	4.87	14.57	343.32	343.05	343.88	345.57	259.45
42	Chemicals (15)	469.39	−0.6	8.51	5.15	14.68	472.40	474.17	476.97	478.42	339.25
44	Office Equipment (6)	103.51	−3.8	8.52	5.44	15.11	107.58	109.87	107.43	107.14	135.30
45	Shipping and Transport (14) ●	640.38	−2.9	9.60	6.26	13.43	659.82	660.73	657.63	661.35	578.37
46	Miscellaneous (44) ●	409.77	−2.2	8.39	4.21	14.70	459.91	455.96	457.33	460.74	336.21
49	INDUSTRIAL GROUP (486) ●	421.61	−1.9	9.46	4.24	13.10	429.67	430.66	432.24	433.72	332.53
51	Oils (14)	840.31	−2.1	13.20	6.96	9.28	858.04	862.92	875.60	888.44	741.53
59	500 SHARE INDEX ●	456.53	−1.9	10.05	4.67	12.28	465.48	466.72	469.25	471.27	365.83
61	FINANCIAL GROUP (121)	314.09	−1.2	—	5.92	—	317.92	318.13	317.76	321.69	259.92
62	Banks (6)	333.71	−1.1	26.80	7.42	4.12	337.52	340.36	339.77	349.47	267.63
63	Discount Houses (8)	286.22	−2.5	—	9.33	—	293.61	298.37	305.51	307.39	256.16
65	Insurance (Life) (9)	392.32	−1.1	—	5.55	—	396.49	398.16	399.44	402.80	269.30
66	Insurance (Composite) (10)	216.40	−0.7	—	6.94	—	217.92	215.53	214.18	216.67	158.26
67	Insurance Brokers (7)	592.41	−0.8	11.11	5.00	12.94	597.47	597.82	602.45	606.19	494.30
68	Merchant Banks (13)	165.83	−0.7	—	5.24	—	167.09	167.83	169.24	168.68	147.00
69	Property (54)	454.96	−1.8	5.86	3.90	22.71	463.38	464.34	463.70	465.85	428.26
70	Other Financial (14)	243.05	−1.6	10.88	5.48	11.14	246.90	247.06	244.41	246.31	173.38
71	Investment Trusts (109)	406.34	−0.3	—	4.23	—	407.57	408.12	407.47	409.55	304.24
81	Mining Finance (4)	272.78	−0.8	7.34	5.21	17.83	274.98	276.77	281.44	283.04	218.82
91	Overseas Traders (16)	444.87	−1.9	9.54	8.20	14.82	453.66	452.57	452.11	452.99	375.25
99	ALL-SHARE INDEX (750) ●	420.90	−1.7	—	4.90	—	428.07	429.11	430.80	433.32	335.89

FIXED INTEREST

	PRICE INDICES	Tue May 10	Day's change %	Mon May 9	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	116.86	−0.05	116.92	—	4.53
2	5-15 years	129.23	−0.35	129.69	—	4.85
3	Over 15 years	138.22	−0.37	138.73	—	4.95
4	Irredeemables	145.04	−0.66	146.00	—	6.07
5	All Stocks	127.96	−0.27	128.31	—	4.79
6	Debentures and Loans	183.45	−0.28	183.74	—	3.64
7	Preference	80.69	+0.05	80.64	—	2.64

	AVERAGE GROSS REDEMPTION YIELDS		Tue May 10	Mon May 9	Year ago (approx.)
	British Government				
1	Low	5 years	9.41	9.36	11.62
2	Coupons	15 years	10.23	10.38	12.70
3		25 years	10.32	10.05	12.65
4	Medium	5 years	11.38	11.24	13.91
5	Coupons	15 years	11.05	10.91	13.74
6		25 years	10.45	10.39	13.28
7	High	5 years	11.36	11.30	13.78
8	Coupons	15 years	11.22	11.17	13.94
9		25 years	10.59	10.56	13.48
10	Irredeemables†		10.07	10.00	12.32
11	Debs & Loans	5 years	12.18	12.12	14.80
12		15 years	12.16	12.12	14.75
13		25 years	12.15	12.12	14.71
14	Preference†		12.26	12.27	15.42

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

● Corrected figures for Monday 9 May.

RISES AND FALLS

	Rises	Falls	Same
British Funds	8	82	9
Corpns., Dom. and Foreign Bonds	1	15	64
Industrials	86	670	585
Financial & Props.	48	241	2'1
Oils	15	44	52
Plantations	5	—	17

FINANCIAL TIMES STOCK INDICES

	May 10	May 9	May 6	May 5	May 4	May 3	year ago
Government Secs.	80.96	81.28	81.68	81.98	82.00	81.73	68.94
Fixed Interest	83.09	83.25	83.67	83.66	83.80	83.64	69.37
Industrial Ord.	676.7	690.2	694.4	695.0	689.8	692.1	585.1
Gold Mines	677.0	681.6	653.6	653.7	663.3	632.0	226.0
Ord. Div. Yield	4.63	4.55	4.52	4.52	4.54	4.52	5.38
Earnings, Yld.% (full)	9.20	8.92	8.87	8.87	9.14	9.10	11.15
P/E Ratio (net) (*)	13.45	13.71	13.78	13.78	13.28	13.34	11.05
Total bargains	22,433	21,041	23,480	24,240	24,183	19,556	18,345
Equity turnover £m.	—	206.69	281.39	243.03	204.87	214.85	147.98
Equity bargains	—	19,556	22,852	19,830	19,303	21,828	14,951
Shares traded (ml)	—	124.2	163.3	158.8	128.8	132.9	102.4

10 am 680.5. 11 am 675.4. Noon 671.4. 1 pm 668.6. 2 pm 668.0. 3 pm 673.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.53.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.75 (11/4)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.36 (18/4)	79.05 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	699.0 (27/4)	598.4 (12/1)	699.0 (27/4/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (28/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	May 9	May 6
—Daily		
Gilt Edged Bargains	172.1	166.5
Equities Bargains	126.7	148.1
Value	417.8	568.8
5-day Avrge		
Gilt-Edged Bargains	171.2	166.2
Equities Bargains	133.9	138.6
Value	465.2	486.1

Indices

NEW YORK—DOW JONES

	May 10	May 9	May 6	May 5	May 4	May 3	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1229.58	1228.23	1232.59	1219.72	1212.85	1208.91	1232.59 (6/5)	1027.04 (3/1)	1232.59 (6/5/83)	41.22 (2/7/32)
Transport	550.75	549.4	552.1	547.57	531.37	515.8	552.1 (6/5)	434.24 (3/1)	552.1 (6/5/83)	12.22 (8/7/32)
Utilities	129.86	129.11	129.11	128.34	128.97	127.81	129.84 (3/3)	119.46 (3/1)	163.32 (20/4/69)	10.[illegible] (28/4/[illegible])
Trading vol 1000's†	10400	9388	12820	10786	10109	9956	—			

	May 6	Apr 29	Apr 22	(Year Ago Approx.)
Ind div yield %	4.44	4.46	4.89	6.42

STANDARD AND POORS

	May 10	May 9	May 6	May 5	May 4	May 3	1983 High	1983 Low	Since Compil'n High	Since Compil'n Low
Industrials	186.15	186.81	186.37	184.28	183.29	182.39	186.37 (6/5)	154.95 (3/1)	186.37 (6/5/83)	[illegible]
Composite	165.96	165.81	166.1	164.28	163.31	162.34	166.1 (6/5)	138.34 (3/1)	166.1 (6/5/83)	[illegible]

	Apr 27	Apr 20	Apr 13	Year Ago (Approx.)
Ind div yield %	4.81	4.84	4.14	5.64
Ind. P/E Ratio	13.59	13.75	13.48	7.88
Long Gov Bond Yield	10.35	10.44	10.41	12.83

N.Y.S.E. ALL COMMON

May 10	May 9	May 6	May 5	1983 High	1983 Low
95.5	95.35	142.62	94.4	442.82 (6/5)	79.79 (24/1)

RISES AND FALLS

	May 10	May 9	May [illegible]
Issues traded	1928	1913	[illegible]
Rises	853	785	[illegible]
Falls	853	779	[illegible]
Unchanged	322	348	[illegible]

MONTREAL / TORONTO

[illegible]

TORONTO Composite

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

[illegible]

NEW YORK

[illegible]

COMMODITIES AND AGRICULTURE

Argentine lowers beef export target

BUENOS AIRES — Argentina will export about 500,000 tonnes or beef this year, compared with 522,000 tonnes last year, says Livestock Undersecretary Ernesto Girardi. Improved financing conditions for both the domestic and export markets would have to be made available, he said, but the target was easily attainable.

Domestic meat consumption is currently running at a per capita rate of 73 kilos per year—well below Argentina's traditional level of more than 90 kilos, Reuter reports.

● THE VALUE of U.S. farm exports continues to drop from year earlier levels. March export value of farm commodities was $3.2bn, down 14 per cent from the same period a year earlier.

● THE TOTAL area of crops under glass in England and Wales fell by 6.7 per cent last year to 1,261 hectares. The biggest fall was in the heated lettuce crop, down 63 hectares or 18 per cent.

● WORLD TALLOW exports are expected to fall 7 per cent to 2.34m tonnes in 1982-83, as it loses market share to palm oil, according to the weekly Oil World.

● WORLD FISHMEAL production is expected to fall to around 1.9m tonnes this year from 2.25m tonnes in 1982. Chile is expected to raise its production but Peruvian output is likely to fall dramatically because of changes in Pacific currents.

● PAKISTAN bought 11,500 tonnes of Malaysian bleached deodorised palm oil.

● NON-COMMUNIST world mine production of lead fell to 610,000 tonnes in the first quarter of this year, from 652,000 tonnes in the same 1982 period.

● ISRAEL EXPORTED 1.295m cases of citrus in the week ended May 8.

Copper climbs to three-year high

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rose to the highest level for over three years on the London Metal Exchange yesterday. The three-month quotation for high-grade copper closed £14.5 higher at £1,163.5 a tonne and moved further up in later trading to £1,176. The cash price closed £14.5 up at £1,139.

The market was boosted by reports of further buying by the Chinese, who are already estimated to have purchased some 200,000 tonnes.

It was feared the Chinese might sell back forward purchases at the higher levels to take profits, as happened last year, but the emergence of more buying suggests this is unlikely to happen.

As a result, there has been heavy speculative buying of copper seeking to jump on the bandwagon.

The rise was encouraged by the easier trend in sterling, and three months copper breaking through an important chart point at £1,160, which is supposed to indicate a move to still higher levels, although the market is now vulnerable to profit-taking.

PRIMARY ALUMINIUM INVENTORY
(thousand tonnes)

At end of month of	North America	Europe	Other	Total
Dec. 79	760	429	324	1,513
Dec. 80	826	669	583	2,078
Dec. 81	1,615	710	790	3,115
Dec. 82	1,461	794	681	2,936
Jan. 83	1,479	822	687	2,988
Feb. 83	1,414	775	697	2,886
Mar. 83	1,297	724	572	2,593

Source: International Primary Aluminium Institute

Aluminium prices also moved up strongly. Three months aluminium gained £19 to £938.75 at the close and in after-hours reached £948 before easing back on trade selling to £943. The cash price has risen from £858.75 to £912 during the past week.

Reports of Chinese buying were also responsible for the rise in aluminium. The breakthrough £900 a tonne has encouraged renewed speculative buying interest too.

Ian Rodger writes: The latest surge in aluminium prices was underpinned yesterday by the latest free world stocks statistics published by the International Primary Aluminium Institute.

Total stocks, which include all forms of aluminium scrap, primary and secondary ingot, metal in process and finished mill products, fell by 310,000 tonnes in March to 4.38m tonnes, the largest monthly decline on record.

Until March, stocks had been declining surprisingly slowly from the 5.18m tonne peak reached in February, 1982, causing some scepticism about the foundation for recent price rises.

The last trough in aluminium stocks was 3.31m tonnes in March, 1980.

Almost all of the fall in March this year came from stocks held at smelters and fabrication plants, indicating that customer order rates are rising more quickly than production rates.

About half of the fall in stocks last month occurred in North America, reflecting the upturn in demand from the building and automotive industries in the first quarter.

However, producers say customers have been restocking beyond their immediate demands, partly because of fears of a strike in the U.S. aluminuim industry later this year and partly because working capital financing costs have come down.

The other significant declines in stocks were in Europe and in Japan. European producers report some recovery in demand but there are also suggestions that metal is being withheld from the market in anticipation of better prices.

In Japan, the Japanese Government recently raised its strategic stocks by about 60,000 tonnes.

Key talks on buffer stock manager

KUALA LUMPUR—The appointment of a new buffer stock manager will be a key issue when 34 consumer and producer country delegates of the International Natural Rubber Organisation (INRO) meet at today's council session.

The resignation of the current manager, Mr Jack Riedl, takes effect next month. Only one potential successor has been nominated — a representative from a major consumer country which delegates, particularly the producers, were reportedly not too happy about.

Reports said the producer/members felt they should have a wider choice of candidates rather than from the sole nomination of Mr Robert Sanders, an American.

"We want to have a choice to be assured that the next buffer stock manager would be fair in buffer stock operations of buying and selling," one producer delegate said.

It is still not certain whether the producers, led by Malaysia, will try to push at this council session for an upward revision of the indicative price range within which the BSM buys and sells to stabilise prices.

The Association of Natural Rubber Producing Countries (ANRPC) agreed at a meeting in Thailand late last month that Inro should review the indicative prices and would press for an upward revision, to better reflect production costs.

However, although there can be a review 30 months after the agreement's effective date, indicative prices can be revised upwards only if the average rubber price over the six months prior to a review is at, or above, the reference price—the range's mid-point. Reuter

Brighter outlook for Liberian rubber

Peter Blackburn in Abidjan detects a new note of optimism

THE RECENT improvement in natural rubber prices — following increased demand from the U.S. automobile industry which absorbs 60 per cent of world production — has brightened the outlook for Liberia's rubber producers.

Liberia, Africa's leading rubber exporter, sends nearly 75 per cent of its production to the U.S. The main Liberian rubber plantations are also American-owned.

Mr Frank Quinn, the general manager of the Liberian Agricultural Company (LAC), a Uniroyal subsidiary, said: "We are optimistic about the long-term profitability of our Liberian operation and will continue to invest."

However, the 20,000 acre LAC plantation, probably the best managed in Liberia, made a $3.5m loss and was obliged to delay new plantings in 1982. But it is still keeping on its pig and cow rearing activities.

The much larger Firestone concession, which accounts for about 40 per cent of Liberian production, reportedly made a $20m loss in 1982.

Earlier this year, Firestone closed its small but unprofitable Cavalla plantation near the Ivory Coast border. There were even reports that Firestone was considering closing its 78,000 acre Harbel plantation—the largest in the world.

B. F. Goodrich sold its 20,000-acre rubber plantation to Guthrie in 1981 after incurring heavy losses. Guthrie, formerly a British company, has since been taken over by the Malaysian Government which intends to rehabilitate the plantation once negotiations with the Government are concluded and the market has improved sufficiently.

Goodrich's withdrawal was part of a global move from natural rubber towards synthetics, officials say.

However, local conditions have been difficult for rubber companies in recent years. "Government brinkmanship came too close to the wire. With heavy recession, firms could no longer bear the increasingly heavy taxes and social costs. As a result they were disinvesting," observers say.

The companies have to provide roads, houses, schools and hospitals. Lac spends $56,000 a year on health services alone. Firestone has to support 100,000 people or 5 per cent of the population.

The situation deteriorated after the 1980 coup when soldiers harassed companies for money, fuel and vehicles. This has now eased, though fuel supplies remain an acute problem due to the Government's liquidity crisis.

To guarantee regular energy supplies and cut costs, companies are converting their plant furnaces from fuel to wood burners.

Relations with the Government have now improved, reflecting the importance or rubber to the Liberian economy. It is the second major export earner, representing 15 per cent of export earnings and 6 per cent of GDP. However, Liberian production represents only 2 per cent of the world total.

The renewed confidence of rubber companies was shown by Firestone's recent decision to invest in a $4m coagulum processing plant at Harbel — its first major new investment for some time.

Prices have also risen above the Liberian break-even point of about 45 cents a pound. Last year prices sank to 37 cents a pound. Export volume also fell sharply by 33 per cent to 42,100 tonnes.

Platinum and silver futures trading plan

TOKYO—Japan is expected to start official platinum and silver futures trading by the end of March 1984 to eliminate problems which have arisen from futures trading on privately run markets here, says the Ministry of International Trade and Industry (Miti).

An advisory panel to Miti's industrial policy bureau will formally propose the opening of futures trading in the two metals when it meets on May 12, they said.

Warning on forged coffee certificates of origin

BY OUR COMMODITIES STAFF

MEMBERS of the International Coffee Organisation (ICO) have been warned to look out for forged certificates of origin on exports purported to have been authorised in the Philippines.

"During the current coffee year a number of forged certificates of origin purporting to have been issued by the certifying agency in Manila, the Philippines, have been placed in circulation," Mr Alexandre Beltrao says in a letter circulated to member countries.

The letter says information provided by Philippines authorities suggests the forged certificates have been used to cover certain, but not all, sales made in the name of two local shippers.

Mr Beltrao, ICO president, says Philippines authorities are co-operating "fully and vigorously" in investigating the case and have initiated proceedings against the Philippine nationals allegedly implicated in uttering the forgeries.

Australian wheat crop prediction

MELBOURNE—The 1983/84 Australian wheat crop could total some 17.44m tonnes, given average yields from an estimated sown area of 13.45m hectares, Australian Wheat Forecasters (AWF) said.

The private forecasting group said planting is well under way and more will follow when the ground has sufficiently dried out

It noted that Western Australia, which escaped the effects of the drought, has received only light rains so far this season

PRICE CHANGES

In tonnes unless stated otherwise	May 10 1983	+ or —	Month ago
Metals			
Aluminium	£880	......	£880
Free Mkt	$1410/440	+25	$1345/375
Copper			
Cash h grade	£1139	+14.5	£1082.5
3 mths	£1163.75	+14.5	£1112.75
Cash Cathode	£1105.75	+14.5	£1062.5
3 months	£1131.5	+13	£1080.25
Gold troy oz	$443.5	+9	$432.25
Lead Cash	£279	—3	£296.5
3 months	£289.25	—3	£307.75
Nickel	£4526.5	......	£4855
Free mkt	220/245c	......	220/250c
Palladium	$138.25	+2.25	$120.50
Platinum	£293.95	+12.7	£275.00
Quicksilver†	$285/295	......	$315/330
Silver troy oz	823.20p	+25.35	740.15p
3 mths	843.50p	+26.10	757.30p
Tin cash	£8635	—2.5	£9154
3 month	£8677.5	+15	£9130.5
Tungsten	$83.88	......	$81.18
Wolfsm 22.04 lb	$89/91	......	$90/92
Zinc Cash	£477	—2.5	£446.5
3 mths	£489.5	+1	£461.25
Producers	$750	......	$750

	May 10 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$647.5y	......	$590
Groundnut	$525y	—5	‡
Linseed Crude	$318	......	‡
Palm Malayan	$450x	—5	$417.5
Seeds			
Copra Phil	$340z	......	$385
Soyabean (U.S.)	$254.75	—4.75	$259
Grains			
Barley Fut. Sep	£110.45	—0.10	£111.50
Maize	£147.00	—0.5	£148.00
Wheat Fut. Jul	£134.45	—0.85	£158.15
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1318	—6	£1234
Fut. July	£1277.5	—6	£1206.5
Coffee Ft. July	£1605.5	—8	£1653
Cotton A. Index	80.75c	......	80.15c
Gas Oil June	$234.75	+0.25	$252.5
Rubber kilo	74p	+1.25	76p
Sugar (Raw)	£136y	+1	£109
Wooltops 64s	388p kilo	......	400p kilo

‡ Unquoted. x June. y May-June. z June-July. † Per 76lb flask. *Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.50-28.86	—0.17
Iranian Light	27.90-28.08	—0.05
Arabian Heavy	26.00-26.25	—0.05
North Sea (Forties)	29.30-29.60	+0.05
North Sea (Brent)	29.45-29.68	+0.02
African Bonny L't	29.70-29.80	—0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	299-302	—3.0
Gas oil	238-243	—1.0
Heavy fuel oil	164-166	—1.0

GAS OIL FUTURES

A limit-down close in New York brought the market in $3.00 down and prices traded actively around these levels through the early part of the day. Strength in New York pushed prices higher and the market closed on the highs, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	237.50	—1.00	237.50-36.50
June	234.75	+0.25	235.00-31.00
July	235.75	+0.50	235.75-30.25
Aug	236.50	+1.00	236.00-31.50
Sept	238.75	+2.75	239.00-34.00
Oct	240.25	+1.75	239.25-35.50
Nov	243.25	+1.25	240.00-39.00
Dec	245.00	+1.25	244.50-42.25
Jan	247.25	+0.75	—

Turnover: 4,446 (2,709) lots of 100 tonnes.

GOLD MARKETS

Gold rose $9 to $443-444 on the London bullion market. It opened at $439½-440½, and was fixed at $439¼ in the morning and $443¾ in the afternoon. The metal touched a peak of $444½-$445½, and a low of $438¼-439.

In Paris the 12½ kilo gold bar was fixed at FFr 104,000 per kilo ($439.26 per ounce) in the afternoon, compared with FFr 104,000 ($440.70) in the morning, and FFr 103,900 ($437.61) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,620 per kilo ($441.50 per ounce), against DM 34,190 ($436.99), and closed at $443¼-444¼, compared with $433¾-434¾.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $439.50 per ounce, against $435.75.

In Zurich gold finished at $442-$445, compared with $433-436.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
May	433.50-46.0	+10.25	—
June	445.90-46.1	+9.85	447.00-41.0
July	449.10-50.0	+10.05	—
August	452.40-52.8	+9.85	452.50-49.1
Sept	455.00-56.5	+10.00	452.90
Oct	459.00-63.0	+10.25	465.90
Nov	462.20-65.5	+10.80	—

Turnover: 917 (214) lots of 100 troy ounces.

Gold Bullion (fine ounce)	May 10		May 9	
Close	$433-444	(£282½-282¾)	$434-435	(£276¼-277)
Opening	$439½-440¼	(£280¼-280¾)	$435¾-436½	(£275½-276)
Morning fixing	$439.25	(£279.777)	$435	(£275.516)
Afternoon fixing	$443.75	(£283.365)	$434	(£274.997)

Gold Coins May 10

Krugrnd	$457½-458½	(£292½-293)	King Sov	$106½-108	(£68-69)
½ Krg	$236-237	(£150¾-151½)	Victoria Sov	$106½-108	(£68-69)
¼ Krg	$120-121	(£76¾-77½)	French 20s	$89-91	(£56¾-58¼)
1/10 Krug	$49-50	(£31¼-32)	50 pesos Mex	$547-549	(£349¾-351)
Mapleleaf	$456½-457½	(£291¾-292½)	100 Cor. Aust	$432-436	(£276¼-278¼)
New Sov	$103¾-104½	(£66¼-66¾)	$20 Eagles	$565-575	(£361¼-367¾)
½ New Sov	$62-64	(£39¾-41)			

EUROPEAN MARKETS

PARIS, May 10.

Cocoa—(FFr per 100kg): May 1430/1440, July 1475/1490, Sept 1545/1547, Dec 1556/1560, Mar 1575/1600, May 1595 bid, July 1615 bid.

Sugar—(FFr per tonne): July 1880/1900, Aug 1903/1906, Oct 1976/1980, Nov 1980/1990, Dec 2050/2065, Mar 2185/2205, May 2256/2270, July 2285/2300.

Maize (U.S. $ per tonne): U.S. Three Yellow May 150, June 146.50, July/Sept 144.50, Oct/Dec 137.50, Jan/Mar 143 sellers.

ROTTERDAM, May 10.

Wheat—(U.S. $ per tonne): U.S. Two Red Winter May 163, June 159, July 158, Aug 159, Sept 161. U.S. Two Northern Spring 14 per cent protein May 189.50, June 181, July 179.50, Aug 178, Sept 177.50. U.S. Three Amber Durum, May 205, June 197, July 196, Aug 192, Sept 190.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports May 248.75, June 249.10, July 250.60, Aug 252.50, Sept 255, Oct 257.25, Nov 257.25, Dec 260, Jan 264, Feb 278, Mar 271 sellers. Paraguayan May 246 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 219, May 215.50, June 215.50, June/Sept 216.50, Oct 223, Nov/Mar 232, Jan/Mar 236 sellers; alter arrived on Chayenne 218, June/Sept 216.50, Oct 223, Nov/Mar 232.50/232, Jan/Mar 236 traded. Pellets Brazil afloat 224, May 217.50, June 218.50, May/Sept 221 sellers. Pellets Argentine afloat 220, May 217.50, June 217, June/Sept 219 sellers.

BRITISH COMMODITY MARKETS

BASE METALS

Copper and Aluminium values continued to race ahead on the London Metal Exchange. Copper moved up to £1,175 on the late Kerb—its highest level since March 1980—following renewed influential buying which was followed by heavy chartist demand. Aluminium touched £948 prior to closing at £943.5 on rumours of further Chinese buying; the late reaction reflected trade selling. Lead was subdued and closed at £292 while Zinc eased to around £491. Tin was finally £8,700.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1134.5-5	+14	1138.5-9.5	+14.5
3 months	1159-.5	+13	1163.5-4	+14.5
Settlem't	1135	+14	—	......
Cathodes				
Cash	1100-1	+12.5	1105.5-6	+14.7
3 months	1127-.5	+12	1131-2	+13
Settlem't	1101	+12	—	......
U.S. Prod.	—		*82	—5

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,125, three months £1,160, 59.50, 58.50, 58, 58.50, 59, 59.50, 60, 59. Cathodes: Cash £1,101, three months £1,127. Kerb: Higher Grade, Three months £1,159.50. Afternoon: Higher Grade: Three months £1,163, 64, 63.50. Cathodes: Cash £1,105. Kerb: Higher Grade: Three months £1,164, 64.5, 65, 66, 67, 67.5, 68, 69, 68, 68.5, 69, 70, 71, 72, 73, 76, 74, 74.5, 74, 74.5, 75. Turnover: 40,350 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8640-5	+35.5	8630-40	—2.5
3 months	8680-90	+50	8680-90	+22.5
Settlem't	8645	+35	—	......
Standard				
Cash	8640-1	+31.5	8630-40	—2.5
3 months	8675-8	+44	8675-80	+15
Settlem't	8641	+31	—	......
Straits E.	†$31.21	—0.13	—	......
New York				

Tin—Morning: Standard: Cash £8,640, 41, three months £8,675, 70, 75, 80, 75. Standard: Kerb: Three months £8,680. High Grade: Three months £8,700. Afternoon: Standard: Cash £8,635, three months £8,680, 85, 80. Standard: Kerb: Three months £8,680, 90, 8,700, 10, 05. Turnover: 1,985 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	278-.5	—2	278.5-9.5	—3
3 months	289-.25	—1.62	289-.5	—3
Settlem't	278.5	—2	—	......
U.S. Spot	—	......	*20	—4

Lead—Morning: Cash £279, three months £292, 91.50, 91, 90.50, 89, 89.50, 90, 89.50. Kerb: Three months £290. Afternoon: Three months £290, 91, 90, 89.50. Kerb: Three months £289, 90, 90.5. Turnover: 12,300 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	478-9	—2.1	478-8	—2.5
3 months	488-9	+2.25	489-90	+1
Settlem't	478	—1.5	—	......
Primw'ts	—	......	*40-.75	......

Zinc—Morning: Three months £492, 91.50, 91, 90.50, 91, 89, 88, 88.50. Kerb: Three months £489, 90, 91, 92, 92.50. Afternoon: Three months £493, 92, 91.50, 91, 90.50, 90, 89.50, 89. Kerb: Three months £490, 90.5, 91. Turnover: 14,475 tonnes.

ALUMINIUM

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	907-8	+26.2	911.5-2.5	+18.5
3 months	934.5-5	+27.5	938.5-9	+19

Aluminium—Morning: Cash £907.50, three months £934, 33, 32.50, 33, 32.50, 32, 33, 32.50, 33, 34, 34.50. Kerb: Three months £934.50, 35, 35.50, 34. Afternoon: Three months £937, 36, 36, 35, 34.50, 36, 36, 37, 38.50, 39, 38.50, 38, 38.50, 39. Kerb: Three months £939, 40, 41, 41.5, 42, 43, 44, 43, 42, 43, 44, 45, 46, 48, 47, 46, 45, 46, 48, 49. Turnover: 42,750 tonnes.

NICKEL

Nickel — Morning: Three months £3,380, 55, 60, 50, 40, 35. Kerb: Three months £3,345, 40. Afternoon: Three months £3,350, 55, 50, 45. Kerb: Three months £3,345, 50, 60, 65, 60. Turnover: 1,434 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3245-55	+22.5	3260-70	+25
3 months	3330-5	+20	3345-50	+20

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

LME—Turnover: 154 (180) lots of 10,000 ozs. Morning: three months 843.0, 41.0, 44.0, 44.5, 45.0, 46.0, 45.0, 45.5. Kerb: Three months 846.0, 47.0, 48.0. Afternoon: Three months 848.0, 49.0, 48.5, 55.5, 56.0, 57.0. Kerb: Three months 856, 57, 58, 59, 60, 62, 63, 62, 60.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	823.20p	+25.3	856.25p	+30.2
3 months	848.50p	+28.1	856.25p	+20.7
6 months	863.45p	+28.1	—	......
12months	903.75p	+27.1	—	......

Silver was fixed 25.35p an ounce higher for spot delivery in the London bullion market yesterday at 823.2p. U.S. equivalents of the fixing levels were: spot $12.883, up 27.3c; three-month $13.162, up 28.3c; six-month $13.444, up 28.1c; and 12-month $14.038, up 28.6c. The metal opened at 815-817p ($12.78-$12.81) and closed at 832-834p ($13.04-$13.08).

WEEKLY METALS

All prices are supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 1950/2020.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 1.59/1.65.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 1.59/1.65.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 0.85/0.91, sticks 0.90/0.96.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse 6.10/6.20.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 290/310.

MOLYBDENUM: European free market, canned molbdic oxide, $ per lb Mo, in warehouse 4.00/4.20.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse 3.75/4.35.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3 cif 88/91.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif 2.10/2.30.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,750.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per lb, tonne lots, ex-warehouse 2.30.

COBALT: World, Zaire: Sozacom, $ per lb 12.50.

NICKEL: World, Inco, melting grade, $ per lb, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per lb U_3O_8 22.25.

VANADIUM: Highveld fused min 98 per cent V_2O_5, $ per lb V_2O_5, cif 2.40.

ZINC: GOB producer basis, $ per tonne 750.

COCOA

Although opening at the dues some £10 lower futures moved back to unchanged during an active day and closed on a quiet note. Physicals were largely ignored and only light second-hand business was noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1240-43	—4.0	1242-29
July	1277-78	—6.0	1285-68
Sept	1284-85	—5.0	1294-78
Dec	1302-04	—2.5	1311-95
March	1314-16	—1.5	1315-09
May	1324-28	—1.0	1318
July	1334-48	+1.0	1331

Sales: 4,240 (3,280) lots of 10 tonnes.

ICCO—Daily price for May 10: 87.50 (88.16). Indicator prices for May 11: 89.34 (90.17).

COFFEE

Continued liquidation of July prompted a gradual retracement to the support area of £1,600, reports Drexel Burnham Lambert. Good trade and dealer buying aided a rise in distant positions at the close while July settled slightly lower on the day.

COFFEE	Yest'day's Close	+ or —	Business Done
May	1850-54	+7.5	1862-45
July	1605-06	—8.0	1625-97
Sept	1561-63	+9.5	1567-48
Nov	1531-34	+14.0	1533-16
January	1487-90	+11.0	1492-80
March	1456-65	+10.0	1459-45
May	1436-45	+10.5	1430

Sales: 3,715 (3,541) lots of 5 tonnes. ICO Indicator prices for May 9: (U.S. cents per pound): Comp daily 1979 124.37 (125.00); 15-day average 124.38 (124.30).

GRAINS

Mnth.	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'd'ys close	+ or —
May	133.45	—0.55	119.15	+0.05
July	134.45	—0.85	—	......
Sep	116.65	—0.55	110.45	—0.10
Nov	119.05	—0.65	113.70	—0.15
Jan	122.25	—0.50	116.95	—0.15
May	125.15	—0.55	119.70	—0.20

Business done—Wheat: May 133.80-3.45, July 135.00-4.45, Sept 117.00-6.65, Nov 119.45-9.05, Jan 122.60-2.25, March 125.60-5.15. Sales: 228 lots of 100 tonnes. Barley: May 119.15-9.10, Sept 110.45 only, Nov 113.75-3.70, Jan untraded, March 119.80-9.70. Sales 42 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent June 128.75, July 125.25, Aug 124.75, Sept 124.25 transhipment east coast seller. English feed fob Sept 121, Oct/Dec 124, Jan/Mar 129 east coast seller. Maize: French May 147 transhipment east coast seller. Barley: English feed fob Aug 112.50, Sept 114.50. Oct/Dec English/Scottish 118.25, Scottish Sept 113.25, Oct 116.25 sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 124.60, S. West 127.30, W. Mids 124.70, N. West 124.70. The UK monetary co-efficient for the week beginning Monday May 16 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged.

POTATOES

Profit-taking eased prices lower in continued heavy trade. Nearby May eased to £70 ahead of its expiry today, but recovered slightly, reports Coley and Harper.

Turnover: 1,838 (2,598) lots of 40 tonnes.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
May	72.00	78.10	77.00-70.00
Nov	102.00	106.00	108.00-98.8
Feb	121.50	125.00	124.0-118.8
April	151.00	155.00	152.0-143.5
May	153.50	160.20	160.0-155.0

RUBBER

The physical market opened easier, attracted some buying at the lower levels and closed steadier. Lewis and Peat reported a May fob price for No 1 RSS in Kuala Lumpur of 236.5 (239.0) cents a kg and SMR 20 226.0 (227.5).

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
	£ per tonne		
June	752-760	752-735	718
July	740-750	720-730	718
Jly-Sept	747-748	723-734	748-718
Oct-Dec	748-750	728-729	755-717
JanMch	767-768	748-749	771-742
Apl-Jne	787-788	766-771	777-761
Jly-Sept	807-810	789-790	—
Oct-Dec	826-827	808-812	829-825
JanMch	842-845	828-835	845-844

Sales: 527 (79) lots of 15 tonnes, 3 (2) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 74.00p (72.25p); June 72.50p (71.50p); July 73.00p (72.00p).

JUTE

HIDES—Birmingham. Second clears. Ox: 31-35.5 kg 72.0p a kg (71.2p); 26-30.5 kg 75.4p a kg (75.3p withdrawn); 22-25.5 kg 88.1p a kg (88.0p withdrawn). Light cows: 25.5 kg 80.0p a kg withdrawn (81.0p withdrawn).

SOYABEAN MEAL

The market opened 70p down in dull trade, reports T. G. Roddick. Prices steadied from the lows on commission house buying.

	Yesterdy's close	+ or —	Business Done
	£ per tonne		
June	140.60-41.0	+0.25	140.50-40.00
August	141.00-41.1	+0.25	141.00-40.20
October	145.00-45.5	—0.55	145.70-44.50
Dec	151.20-52.0	—0.20	151.00-50.70
Feb	154.70-55.7	—0.90	—
April	155.30-58.7	—0.75	—
June	156.00-58.0	—1.25	—

Sales: 138 (25) lots of 100 tonnes.

SOYABEAN OIL—Close (U.S. $ per tonne): June 435, 443; Aug 446, 455; Oct 456, 467; Dec 466, 480; Feb 477, 493; April 490, 503; June 500, 518. Sales: 0 (0) lots of 25 tonnes.

INDICES

FINANCIAL TIMES

May. 9	May. 6	M'th ago	Y'ar ago
271.33	271.31	270.66	242.33

(Base: July 1 1952=100)

REUTERS

May 10	May. 9	M'th ago	Y'ar ago
1787.4	1782.2	1759.6	1577.1

(Base: September 18 1931=100)

MOODY'S

May 9	May. 6	M'th ago	Y'ar ago
1053.5	1046.5	1041.8	1008.6

(December 31 1931=100)

DOW JONES

Dow Jones	May 9	May 6	Month ago	Year Ago
Spot	143.97	142.73	139.95	125.82
Fut'rs	149.63	148.91	146.18	128.66

(Base: December 31 1974=100)

SUGAR

LONDON DAILY SUGAR—Raw sugar £136.00 (£135.00) a tonne cif May-June shipment. White sugar £161.00 (£158.00).

August touched £149 briefly on the opening but with buyers withdrawn the market came under pressure from a bout of profit-taking before a recovery began late in the day, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	148.50-48.75	145.1-145.20	149.00-45.00
Oct	155.90-54.00	152.1-152.25	155.50-52.25
Dec	159.50-60.25	157.4-157.75	161.00-60.00
Mar	166.45-66.50	164.0-164.25	167.75-64.25
May	170.75-71.54	168.0-169.00	171.25-70.00

Sales: 4,240 (3,362) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £243.50 (£242.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for May 9: Daily price 8.28 (8.08); 15-day average 7.38 (7.26).

MEAT/FISH

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 78.3 to 81.5; English hindquarters 94.0 to 97.7, forequarters 50.8 to 54.0; Ulster hindquarters 94.7 to 98.0, forequarters 51.0 to 54.0. Veal—Dutch hinds and ends 122.5 to 127.5. Lamb—English small 111.0 to 115.0, medium 108.5 to 111.0, heavy 105.5 to 109.0. Imported: New Zealand PL 61.0 to 61.5. Pork—English under 100 lb 44.5 to 50.0, 100-120 lb 46.5 to 51.0, 120-160 lb 35.0 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.76p per kg lw (+2.52). GB—Sheep 227.92p per kg est dcw (+3.74). GB—Pigs 68.64p per kg lw (+2.50).

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: shell cod £4.50-5.50, codlings £3.00-4.50; large haddock £5.00, medium £4.20-5.00, small £2.60-3.20; medium plaice £5.40-6.50, best small £4.00-4.50; skinned dogfish, large £7.00, medium £4.00; lemon sole, large £11.00, medium £8.00; rockfish £1.70-2.80; saithe £1.20-2.00.

AMERICAN MARKETS

NEW YORK, May 10.

PRECIOUS METALS were firm with a limit-up move in silver on continued concern about the Middle East; late profit-taking reduced some of the gains. Copper prices rallied in sympathy with gold on heavy speculative buying with late profit-taking paring some of the gains. Heating oil was moderately higher on short-covering and the tension between Syria and Israel; heavy volume of trading attracted good trade participation. Cotton prices were mostly lower on evening-up ahead of a government report on planting intentions; commission house profit-taking made the market very erratic most of the day. Sugar prices came under heavy pressure from arbitrage selling and profit-taking. Cocoa was slightly firmer on signs of an improving physical demand although the volume of trading was rather thin. Coffee prices backed off on arbitrage selling as well as light dealer selling. Grain prices rallied sharply ahead of the government report on planting intentions. Soyabeans recorded the best gains while maize was moderately higher. Wheat prices finished lower in anticipation of a higher production estimate in the U.S., reported Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	1791	1799	1784	1802
July	1811	1838	1803	1822
Sept	1840	1868	1839	1851
Dec	1871	1897	1870	1881
March	1894	1917	1917	1904
May	1915	—	—	1925
July	1940	—	—	1960

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
May	124.90	125.90	124.55	125.50
July	123.50	124.35	123.45	124.08
Sept	121.75	122.45	121.63	122.04
Dec	121.00	121.55	120.85	121.03
March	118.38	119.30	118.50	119.00
May	116.00	117.25	116.00	116.01
July	114.75	114.25	114.25	114.25
Sept	113.25	113.00	113.00	112.43

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
May	80.40	80.80	79.85	79.65
June	80.90	—	—	80.15
July	81.50	81.90	80.95	80.80
Sept	82.70	83.10	82.20	82.05
Dec	84.50	84.80	83.90	83.85
Jan	85.05	85.00	84.60	84.40
March	86.10	86.50	85.70	85.50
May	87.15	87.35	86.95	86.60
July	88.20	88.65	87.90	87.70
Sept	89.30	88.70	88.90	88.80

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	74.15	74.35	73.60	74.04
Oct	74.70	74.80	74.00	74.50
Dec	74.68	74.80	73.95	74.39
March	75.70	75.70	75.10	75.50
May	75.80	78.40	75.80	76.50
July	76.50	76.18	76.00	76.20
Oct	75.70	75.60	75.40	75.70

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	443.2	445.0	442.0	441.8
June	445.3	452.5	442.0	443.8
July	448.5	456.5	456.5	447.1
Aug	451.8	458.8	448.5	450.4
Oct	458.4	465.5	455.0	457.0
Dec	465.1	472.5	461.5	463.7
Feb	472.0	473.8	470.0	470.6
April	479.1	483.2	478.0	477.8
June	486.4	494.0	488.8	485.2
Aug	494.0	496.5	494.0	492.8
Oct	501.7	503.5	503.5	500.5
Dec	509.6	515.5	511.0	508.3
Feb	517.8	522.0	522.0	516.5

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
June	75.90	76.00	75.10	75.06
July	75.13	75.40	74.05	74.57
Aug	75.57	75.80	74.40	74.87
Sept	76.49	76.75	75.40	75.85
Oct	77.45	77.75	76.50	76.80
Nov	78.68	78.75	77.60	77.75
Dec	79.75	79.80	78.60	78.80
Jan	79.63	—	—	78.25
Feb	79.13	—	—	77.45
March	79.13	—	—	77.45

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	115.70	116.00	115.70	116.95
July	113.05	114.00	113.00	113.25
Sept	112.00	112.50	111.90	111.95
Nov	108.10	108.65	108.25	108.40
Jan	102.80	103.40	102.60	103.15
March	102.70	103.00	102.60	102.70
May	102.70	102.60	102.60	102.70
July	102.70	103.00	102.50	102.70
Sept	102.70	—	—	102.70

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	460.1	—	—	460.0
July	461.1	472.5	459.0	460.5
Oct	465.9	477.0	464.5	465.3
Jan	472.2	482.0	472.0	472.5
April	478.7	491.5	487.0	479.7
July	486.2	495.0	494.9	486.7

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	1313.0	1345.0	1289.0	1288.7
June	1320.0	1345.5	1315.0	1295.5
July	1330.0	1355.0	1304.0	1305.0
Sept	1350.1	1374.5	1325.0	1324.5
Dec	1380.5	1404.5	1354.0	1354.5
Jan	1390.7	1368.0	1367.0	1364.5
March	1411.0	1434.5	1387.0	1384.5
May	1432.0	1455.0	1425.0	1405.0
July	1453.0	1460.0	1435.0	1426.0
Sept	1475.5	1498.0	1460.0	1448.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	8.78	8.96	8.77	9.03
Sept	9.11	9.30	9.11	9.13
Oct	9.36	9.53	9.36	9.59
March	10.25	10.41	10.23	10.43
May	10.50	10.66	10.50	10.71
July	10.79	10.95	10.75	11.00
Sept	10.97	11.20	11.18	11.25
Oct	11.20	11.38	11.20	11.40

CHICAGO

LIVE CATTLE 40,000lb, cents/lb

	Close	High	Low	Prev
June	66.55	66.70	66.00	66.45
Aug	64.42	64.55	64.02	64.22
Oct	61.52	61.70	61.12	61.27
Dec	62.27	62.35	61.75	62.02
Feb	62.02	62.10	61.65	61.72
April	62.70	62.80	62.50	62.50

LIVE HOGS 30,000lb, cents/lb

	Close	High	Low	Prev
June	50.97	51.05	50.40	50.62
July	50.90	51.15	50.45	51.02
Aug	48.22	48.30	47.75	48.02
Oct	44.70	44.70	44.37	44.62
Dec	45.20	45.30	44.95	45.05
Feb	46.77	47.00	46.50	46.95
April	45.70	45.97	45.40	45.95
June	47.60	47.60	47.60	47.10
July	47.75	47.75	47.75	47.70

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
May	314.0	314.2	312.8	314.4
July	317.0	317.0	315.0	315.2
Sept	309.0	309.4	307.4	309.0
Dec	303.2	303.4	301.4	302.2
March	311.6	312.0	309.6	310.6
May	319.0	319.2	317.2	317.6
July	324.0	324.4	322.6	323.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
May	70.07	70.90	69.30	70.40
July	68.40	69.20	67.70	68.72
August	65.57	66.25	65.10	65.90
Feb	64.15	64.50	63.27	64.25
March	64.20	64.25	63.50	64.00
May	65.40	65.40	64.35	65.37
July	65.25	65.25	64.25	64.50
August	61.80	61.80	61.80	62.05

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	623.6	623.6	616.0	617.2
July	639.0	639.0	631.0	632.0
August	646.0	646.0	637.6	637.2
Sept	651.4	651.4	643.4	643.2
Nov	664.0	664.0	655.4	655.6
Jan	676.4	676.4	668.0	667.4
March	688.4	689.0	681.0	680.4
May	699.0	699.0	693.0	692.0
July	709.0	709.0	704.0	701.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	181.0	181.0	179.6	180.9
July	185.4	185.4	183.3	184.4
August	187.0	187.0	185.0	185.9
Sept	189.0	189.2	187.1	187.8
Oct	191.2	191.2	189.0	189.2
Dec	195.2	195.8	193.5	193.9
Jan	197.5	197.5	195.7	195.7
March	203.0	203.0	200.0	200.7
May	204.0	205.0	203.0	204.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
May	19.67	19.67	19.29	19.31
July	19.82	19.93	19.53	19.58
August	20.08	20.08	19.65	19.69
Sept	20.24	20.24	19.80	19.82
Oct	20.38	20.38	19.95	19.96
Dec	20.70	20.70	20.30	20.31
Jan	20.90	20.90	20.50	20.50
March	21.20	21.20	21.00	20.83
May	21.60	21.60	21.60	21.15
July	21.85	21.85	21.70	21.46

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	353.4	354.2	350.4	364.4
July	361.0	362.0	358.0	382.4
Sept	370.4	372.0	368.2	372.0
Dec	385.4	387.0	383.2	387.0
March	398.0	398.0	394.6	398.2
May	402.0	402.0	399.0	402.4

SPOT PRICES—Chicago loose lard 17.50 (same) cents per pound. New York tin 619.0-28.0 (619.0-27.0) cents per pound. Handy and Harman silver bullion 1,315.0 (1,259.0) cents per troy ounce.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS-Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited
- ♥ Not officially UK Listed: dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3)
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue. cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♠ Same interim. reduced final and/or reduced earnings indicated.
- ϕ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

			IRISH		
			Exch. 15pc 1983	£100	.....
Albany Inv. 20p	56	+2	Nat. 9¾% 84/89	£87⅞	.....
Bdg'wtr. Est 50p	260	..	Fin. 13% 97/02	£96¼	....
Craig & Rose £1	£12	....	Alliance Gas	103	..
Finlay Pkg. 5p	36	......	Arnott	200	.....
Graig Ship. £1	£20½	−½	Carroll (P.J.)	108	..
Higsons Brew	105	−2	Concrete Prods.	55	.....
Holt (Jos) 25p	910	−10	Heiton (Hldgs.)	16	..
I.O.M. Stm. £1	100	....	Irish Ropes	31	
Pearce (C.H.)	£14	....	Jacob	72	....
Peel Hldgs.	200	.	T M G	75	.
			Unidare	73	.....

OPTIONS

3-month Call Rates

Industrials		House of Fraser	17	Utd. Drapery	14
Allied-Lyons	15	I.C.I.	35	Vickers	12
BOC Grp	20	"Imps"	11	Woolworth Hld.	27
B.S.R.	12	I.C.L.	8½		
Babcock	16	Ladbroke	20	**Property**	
Barclays Bank	35	Legal & Gen.	38	Brit. Land	8½
Beecham	35	Lex Service	30	Cap. Counties	15
Blue Circle	44	Lloyds Bank	45	Land Sec	30
Boots	22	"Lofs"	3½	MEPC	22
Bowaters	19	London Brick	15	Peachey	14
Brit. Aerospace	20	Lucas Inds.	15	Samuel Props.	10
B.A.T.	65	"Mams"	12	Town & City	3
Brown (J.)	5	Mrks. & Spncr	20		
Burton Ord.	35	Midland Bank	35	**Oils**	
Cadburys	11	N.E.I.	10	Brit. Petroleum	32
Courtaulds	8½	Nat. West. Bank	58	Burmah Oil	18
Debenhams	12	P & O Dfd.	14	Charterhall	5
Distillers	22	Plessey	50	KCA	8
Dunlop	6	Racal Elect.	45	Premier	4
Eagle Star	35	R.H.M.	6	Shell	45
F.N.F.C.	4½	Rank Org. Ord.	17	Tricentrol	19
Gen. Accident	40	Reed Intnl.	28	Ultramar	48
Gen. Electric	22	Sears	9		
Glaxo	90	T.I.	16	**Mines**	
Grand Met.	32	Tesco	14	Charter Cons.	25
G.U.S. 'A'	55	Thorn EMI	50	Cons. Gold	50
Guardian	42	Trusthouse	20	Lonrho	8½
G.K.N.	16	Turner & Newall	4½	Rio T. Zinc	55
Hawker Sidd	34	Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 33

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling remains unsettled

Sterling traded erratically ahead of next month's general election in currency markets yesterday. Its trade weighted index finished slightly down from Monday although sterling showed a slightly firmer tendency in late trading.

The dollar was mostly firmer amid uncertainty over money supply figures and the possibility of a cut in the U.S. discount rate.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. April average 1.5421. Trade weighted index 94.0 against 83.9 at noon and 83.9 in the morning and compared with 84.2 on Monday and 91.6 six months ago. Sterling has benefited from hopes that oil prices will remain stable, following the latest Opec settlement. Just recently however it has started to lose a little ground on pre-election nerves and the possibility of a fall in domestic interest rates.

Sterling opened at $1.5620 against the dollar and rose to a best level of $1.5710 before slipping after lunch on dollar demand to a low of $1.5600. It recovered later on to trade up to $1.5690 before closing at $1.5645-$1.5655, a fall of just 20 points. Against the D-Mark it rose to DM 3.8275 from DM 3.8175 and SwFr 3.20 from SwFr 3.1950. It was also higher against the French franc at FFr 11.5250 from FFr 11.50 but slipped against the yen to Y364.25 from Y364.75.

DOLLAR—Trade weighted index (Bank of England) 121.9 against 125.3 six months ago. The dollar has been firm during a period of uncertainty about oil prices and upheaval within the EMS. U.S. interest rates have not fallen as once expected and although better money supply figures have led to renewed hopes, future trends remain obscure. ... ...

The dollar closed at DM 2.4440 against the Deutsche Mark up from DM 2.4350 and SwFr 2.0425 compared with SwFr 2.0375. It was also higher against the French franc at FFr 7.3660 from FFr 7.34 but eased slightly against the yen to Y232.60 from Y232.65.

D-MARK—Trading range against the dollar in 1983 is 2.4950 to 2.3320. April average 2.4413. Trade weighted index 129.8 against 125.6 six months ago. The D-mark remained weak against its EMS partners for slightly over a month after the realignment of the system in late March, but with economic fundamentals continuing to favour the German currency, it is showing signs of renewed strength which may well pose further problems for the EMS later this year.

The D-mark had a weaker tone at the Frankfurt fixing, but improved against sterling and the Dutch guilder. The Bundesbank did not intervene when the dollar rose to DM2.4425 from DM 2.4346. At the same time the pound fell to DM 3.8230 from DM 3.8450, and the Dutch guilder to DM 88.85 per 100 guilders from DM 88.88, but the Swiss franc rose to DM 1.1974 from DM 1.1923 and the French franc to DM 33.19 per 100 francs from DM 33.16.

ITALIAN LIRA — Trading range against the dollar in 1983 is 1,466.95 to 1,343. April average 1,453.10. Trade-weighted index 52.0 against 52.4 six months ago. The latest EMS realignment placed the lira at the top of the system. However, Italy's high inflation and economic problems could begin to slowly push the lira lower.

The lira improved against most major currencies, except the dollar and Swiss franc at the Milan fixing. The dollar rose quite sharply to L1,455.30 from L1,451.30, and the Swiss franc to a record L712.13 from L710.91. On the other hand the D-mark fell to L595.56 from L596.13; the guilder to L529.35 from L529.85; and the French franc to L197.61 from L197.84. Sterling weakened sharply to L2,276.50 from L2,295.50.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3862	45.2108	+1.90	+0.90	±1.5430
Danish Krone ...	8.04412	8.05421	+0.13	−0.87	±1.6419
German D-Mark	2.21515	2.25961	+2.01	+0.91	±1.0567
French Franc ...	6.79271	6.80749	+0.22	−0.88	±1.4018
Dutch Guilder ...	2.49587	2.54426	+1.94	+0.84	±1.4941
Irish Punt	0.71705	0.715585	−0.20	−1.30	±1.6696
Italian Lira	1386.78	1344.91	−3.02	−3.02	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

May 10	£	$		£ Note Rates
Argentina Peso...	119,217-119,417	76,280-76,330	Austria	26.75-27.05
Australia Dollar...	1.7905-1.7925	1.1450-1.1455	Belgium	76.35-77.10
Brazil Cruzeiro...	722.83-726.83	462.00-464.31	Denmark	13.56-13.69
Finland Markka...	8.4660-8.4810	5.4100-5.4150	France	11.46-11.56
Greek Drachma...	129.480-132.723	83.75-84.05	Germany	3.80¼-3.84¼
Hong Kong Dollar	10.82-10.82¼	6.9080-6.9130	Italy	2250-2275
Iran Rial	133.75*	84.15*	Japan	363-368
Kuwait Dinar(KD)	0.4535-0.4545	0.29046-0.29055	Netherlands	4.28-4.32
Luxembourg Fr.	76.50-76.60	48.89-48.91	Norway	11.03-11.13
Malaysia Dollar.	3.5990-3.6060	2.2985-2.3005	Portugal	150-170
New Zealand Dlr.	2.3580-2.3630	1.5075-1.5095	Spain	205-218
Saudi Arab. Riyal	5.3885-5.3990	3.4500-3.4520	Sweden	11.67-11.77
Singapore Dollar	3.2710-3.2780	2.0890-2.0910	Switzerland	3.18-3.21
Sth. African Rand	1.7010-1.7020	1.0870-1.0875	United States	1.56-1.58
U.A.E. Dirham	5.7355-5.7465	3.6720-3.6735	Yugoslavia	124-140

* Selling rates.

CURRENCY MOVEMENTS

May 10	Bank of England Index	Morgan Guaranty Change %
Sterling	84.0	−36.8
U.S. dollar	121.9	+11.5
Canadian dollar	90.9	−17.1
Austrian schilling	120.6	+30.5
Belgian franc	93.7	−2.1
Danish kroner	85.7	−10.6
Deutsche mark	129.8	+57.5
Swiss franc	151.7	+107.9
Guilder	118.2	+26.1
French franc	70.0	−25.4
Lira	52.0	−59.3
Yen	148.7	+42.2

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

May 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.693992	0.591663
U.S. $	8½	1.08589	0.924178
Canadian $	9.37	*	1.13350
Austria Sch	3¾	18.6654	15.8866
Belgian F	9½	53.0574	45.2108
Danish Kr	7¼	9.43367	8.05421
D mark	4	2.65229	2.25961
Guilder	4½	2.98511	2.54426
French F	9½	7.99649	6.80749
Lira	17	1580.24	1344.91
Yen	5½	251.616	215.796
Norwgn Kr	9	7.66964	6.54225
Spanish Pta	—	148.356	126.243
Swedish Kr	8½	8.11594	6.92394
Swiss Fr	4	2.21676	1.88948
Greek Dr'ch	20½	N/A	77.3537

*C$/SDR rate for May 9: 1.33389.

THE POUND SPOT AND FORWARD

May 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5600-1.5710	1.5645-1.5655	0.24-0.19c pm	1.65	0.51-0.46 pm	1.24
Canada	1.9170-1.9260	1.9190-1.9200	0.20-0.10c pm	0.94	0.47-0.37 pm	0.87
Nethlnd.	4.28½-4.32	4.30-4.31	2-1½c pm	4.88	5¼-4¼ pm	4.64
Belgium	76.10-76.80	76.50-76.60	7c pm-3 dis	0.31	8 pm-2 dis	0.16
Denmark	13.58-13.67	13.62¾-13.63¾	½-1½ore dis	−0.93	4½-6 dis	−1.58
Ireland	1.2075-2.2240	1.2120-1.2130	0.52-0.67p dis	−5.89	1.36-1.60dis	−4.88
W. Ger.	3.80½-3.84¼	3.82¼-3.83¼	2-1½pf pm	5.49	5¼-4¼ pm	5.09
Portugal	152½-156	153-155	600-1850c dis	−56.45	1210-2800ds	−52.08
Spain	213.50-215.00	213.80-214.00	170-250c dis	−11.78	550-770dis	−12.34
Italy	2271-2283	2275-2277	7½-9½lire dis	−4.48	30-34 dis	−5.62
Norway	11.04-11.10	11.07½-11.08½	3-4ore dis	−3.79	10¼-11¼ dis	−3.88
France	11.49-11.56	11.52-11.53	2¼-3¼c dis	−2.86	11¾-13¼ dis	−4.42
Sweden	11.69½-11.74½	11.70¾-11.71¾	⅞-1½ore dis	−1.22	2½-3¼ dis	−0.98
Japan	363-367	363¾-364¾	1.45-1.25y pm	4.45	3.55-3.35 pm	3.79
Austria	26.80-27.05	26.93-26.98	13¾-11¾gro pm	5.48	36½-31½ pm	5.06
Switz.	3.18½-3.21½	3.19½-3.20½	1¾-1½c pm	6.09	5-4½ pm	5.94

Belgian rate is for convertible francs. Financial franc 76.70-76.80. Six-month forward dollar 0.87-0.82c pm, 12-month 1.33-1.23c pm

THE DOLLAR SPOT AND FORWARD

May 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5600-1.5710	1.5645-1.5655	0.24-0.19c pm	1.65	0.51-0.48 pm	1.24
Ireland†	1.2805-1.2980	1.2925-1.2940	0.79-0.89c pm	6.88	2.05-1.85 pm	6.04
Canada	1.2255-1.2280	1.2275-1.2280	0.05-0.08c dis	−0.63	0.10-0.13dis	−0.37
Nethlnd.	2.7390-2.7525	2.7490-2.7500	0.85-0.75c pm	3.49	2.38-2.28 pm	3.39
Belgium	48.67-48.96	48.89-48.91	4-5½c dis	−1.16	12-15 dis	−1.10
Denmark	8.6800-8.7250	8.7150-8.7200	0.90-1.90ore dis	−1.93	4.25-5.25dis	−2.18
W. Ger.	2.4295-2.4480	2.4435-2.4445	0.86-0.81pf pm	4.10	2.43-2.38 pm	3.94
Portugal	97.50-98.35	97.85-98.35	350-1150c dis	−91.37	700-1700ds	−48.73
Spain	136.50-136.80	136.70-136.80	150-200c dis	−15.36	450-510dis	−14.04
Italy	1450½-1456	1454-1455	7½-8½lire dis	−6.80	25-26½ dis	−7.07
Norway	7.0600-7.0850	7.0730-7.0780	2.80-3.60ore dis	−5.26	8.40-9.40dis	−5.03
France	7.3325-7.3750	7.3635-7.3685	2.60-2.80c dis	−4.40	10.25-10.75d	−5.70
Sweden	7.4700-7.4800	7.4800-7.4900	1.40-1.90ore dis	−2.64	3.70-4.20dis	−2.11
Japan	231.95-233.55	232.55-232.65	0.58-0.53y pm	2.86	1.55-1.47 pm	2.60
Austria	17.41½-17.22	17.21-17.22	6.20-5.40gro pm	4.04	18.00-15.50pm	3.89
Switz.	2.0300-2.0485	2.0420-2.0430	0.80-0.75c pm	4.55	2.39-2.34 pm	4.63

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.00-49.10.

EXCHANGE CROSS RATES

May. 10	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.565	3.828	364.3	11.525	3.200	4.305	2276.	1.920	76.55
U.S. Dollar	0.639	1.	2.446	232.7	7.364	2.045	2.751	1454.	1.227	48.91
Deutschmark	0.261	0.409	1.	95.17	3.011	0.836	1.125	594.6	0.502	20.00
Japanese Yen 1.000	2.745	4.296	10.51	1000.	31.64	8.785	11.82	6248.	5.270	210.2
French Franc 10	0.868	1.358	3.321	316.1	10.	2.777	3.735	1975.	1.666	66.42
Swiss Franc	0.313	0.489	1.196	113.8	3.602	1.	1.345	711.3	0.600	23.92
Dutch Guilder	0.232	0.364	0.889	84.61	2.677	0.743	1.	528.7	0.446	17.78
Italian Lira 1.000	0.439	0.688	1.682	160.0	5.064	1.406	1.891	1000.	0.843	33.63
Canadian Dollar	0.521	0.815	1.994	189.8	6.004	1.667	2.243	1186.	1.	39.88
Belgian Franc 100	1.306	2.044	5.000	475.8	15.05	4.180	5.624	2973.	2.508	100.

FINANCIAL FUTURES

Active trading

Sterling interest rate contracts on the London International Financial Futures Exchange were not panicked by news of a UK general election in early June. Trading was subdued, however, because of the lack of movement in cash markets, with both the gilt and short sterling contracts moving within a fairly narrow range. Gilt volume was quite high, at well over 2,000 lots, as sellers entered the market in the early morning, to be replaced by buyers hoping to pick up cheap stock later in the day. The June price opened at 104-13, and traded within a range of 104-06 to 104-21, before closing at 104-16 compared with 104-23 on Monday. The initial weakness of sterling pushed prices down at the start and although sentiment improved as the pound stabilised against the dollar, other factors maintained a depressing influence on the market.

Growth of 1¾ per cent to 2 per cent in sterling M3 money supply during April was more than most observers had anticipated, while the weakness of the long bond at the close of New York trading on Monday also tended to undermine sentiment.

September volume in three-monthes sterling deposits outweighed trading for June delivery. Both contracts opened 5 points lower at 90.25 for June and 90.52 for September, and after trading in a narrow range of 6 and 8 basis points respectively, finished at 90.24 for the June contract and 90.50 for September. Slightly firmer interest rates on the London money market were the major factor behind the weaker trend.

Sterling currency volume remained encouraging at over 1,700 contracts, but Eurodollar trading was quiet. Market sources suggested that Eurodollar prices on Liffe already discount a cut in the Federal Reserve discount rate, and that current levels may be hard to maintain.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	91.35	91.37	91.33	91.34
Sept	91.20	91.20	91.17	91.20
Dec	90.95	90.97	90.94	90.98
March	90.74	90.77	90.74	90.74
June	90.45	90.46	90.46	90.50

Volume 973 (1,308)
Previous day's open int. 4,088 (4,094)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
June	90.24	90.25	90.19	90.32
Sept	90.50	90.55	90.47	90.57
Dec	90.45	90.49	90.44	90.53
March	90.30	90.30	90.30	90.33
June	90.06	90.10	90.06	90.11

Volume 904 (738)
Previous day's open int. 3,714 (3,672)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	104-16	104-21	104-06	104-23
Sept	104-05	104-06	103-29	104-12
Dec	105-21	—	—	106-08
March	105-08	105-12	105-08	105-30
June	104-30	—	—	105-24

Volume 2,398 (2,212)
Previous day's open int. 3,189 (2,870)
Basis quote (clean cash price of 15¼% Treasury 1998 less equivalent price of near futures contract) 4 to 12 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.5638	1.5695	1.5590	1.5763
Sept	1.5598	1.5600	1.5570	1.5725
Dec	1.5567	1.5570	1.5546	1.5707

Volume 1,702 (1,274)
Previous day's open int. 1,601 (1,892)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.4101	0.4124	0.4100	0.4122
Sept	0.4142	0.4142	0.4142	0.4163
Dec	—	—	—	—

Volume 168 (148)
Previous day's open int. 406 (386)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.4901	0.4926	0.4901	0.4921
Sept	0.4973	0.4986	0.4973	0.4977
Dec	—	—	—	—

Volume 34 (101)
Previous day's open int. 510 (454)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4295	0.4317	0.4294	0.4301
Sept	0.4326	0.4325	0.4325	0.4329
Dec	—	—	—	—

Volume 285 (337)
Previous day's open int. 486 (504)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev
June	79-06	79-08	78-26	78-26
Sept	78-20	78-21	78-08	78-08
Dec	78-05	78-05	77-25	77-24
March	77-23	77-23	77-10	77-10
June	77-09	77-09	76-29	76-30
Sept	76-29	76-29	76-19	76-19
Dec	76-20	76-20	76-09	76-10
March	76-10	76-10	76-08	76-02
June	—	—	—	—
Dec	—	—	—	—
Sept	—	—	—	—

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	92.06	92.08	91.96	91.94
Sept	91.92	91.94	91.83	91.81
Dec	91.69	91.69	91.61	91.59
March	91.46	91.49	91.41	91.43
June	91.26	91.30	91.25	91.23
Sept	—	91.12	—	91.06
Dec	90.91	90.92	90.91	90.90
March	90.75	90.78	90.75	90.78

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	91.71	91.72	91.66	91.64
Sept	91.49	91.49	91.42	91.40
Dec	91.18	91.19	91.12	91.11

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	91.15	91.16	91.09	91.09
Sept	90.98	90.98	90.92	90.91
Dec	90.70	90.70	90.64	90.64
Feb	—	—	—	—
March	90.45	90.48	90.43	90.44

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.5640	1.5665	1.5595	1.5685
Sept	1.5605	1.5630	1.5560	1.5630
Dec	1.5545	1.5600	1.5535	1.5610
March	1.5550	1.5565	1.5520	1.5595
June	—	—	—	—
Sept	—	—	—	—

GNMA (CBT) 8% $100,000
32nds of 100%

	Latest	High	Low	Prev
June	72-16	72-18	72-06	72-08
Sept	71-26	71-26	71-14	71-15
Dec	71-00	71-00	70-24	70-24
March	70-13	70-13	70-00	70-02
June	69-28	69-28	69-19	69-17
Sept	69-12	69-12	69-07	69-03
Dec	69-01	69-01	68-24	68-22
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

COMPANY NOTICES

TOKYU DEPARTMENT STORE CO., LTD.

NOTICE TO EDR HOLDERS

THE CHASE MANHATTAN BANK N.A.
London, as Depositary.
May, 1983

SOFINA

BANQUE NATIONALE DE PARIS
U.S.$250,000,000
Floating Rate Notes due 1983/89

OFFICIAL NOTICE

M. L. HOLDINGS LIMITED

OFFICIAL NOTICE

FINANCIAL TIMES

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MONEY MARKETS

UK rates firmer in nervous trading

UK clearing bank base lending rate 10 per cent (since April 15 and 18)

UK interest rates showed a slightly firmer tendency yesterday. Yesterday's rise in money supply figures was an unsettling factor but the overriding concern appeared to be next month's general election. The market has adopted a cautious stance to counter the prospect of a Labour government while a more favoured Conservative return to power would not necessarily mean a cut in interest rates. Attention now seems to be focused on U.S. interest rates and the prospect of a cut in the U.S. discount rate before the Williamsburg Summit at the end of this month.

The Bank forecast a shortage of around £300m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills —£130m and Exchequer transaction —£40. In addition banks brought forward balances £100m below target while on the other hand there was a fall in the note circulation of £80m. The Bank gave assistance in the morning of £240m, comprising purchases of £46m of eligible bank bills in band 2 (15-33 days) at 10 per cent, £152m in band 3 (34-63 days) at 9⅞ per cent and £42m in band 4 (64-84 days) at 9⅞ per cent.

Further help was given in the afternoon of £49m, making a grand total of £289m. The afternoon help comprised purchases of £10m of local authority bills in band 1 (up to 14 days) at 10⅛ per cent and in band 2 £7m of eligible bank bills at 10 per cent. In band 3 it bought £20m of eligible bank bills at 9⅞ per cent and in band 4 £1m of local authority bills (64-91 days) and £11m of eligible bank bills (64-84 days) all at 9⅞ per cent.

In the interbank market overnight money opened at 10⅜-10½ per cent and eased to 10¼-10⅜ per cent before coming back to 10⅜-10½ per cent. Rates eased later in the day to 8-9 per cent.

In Paris the Bank of France sold around FFr 6bn of one-month floating rate Treasury certificates at yesterday's tender. This was the total amount on offer. In the money market call money continued to ease, being quoted at 12½ per cent down from 12⅝ per cent on Monday and 12¾ per cent last Friday.

In Brussels the Belgian central bank cut its rates on short term bills. One, two and three-month Treasury bills now stand at 10 per cent compared with 10.1 per cent previously.

LONDON MONEY RATES

May 10 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-10⅝	10¼-10⅜	—	—	10¼-10½	10-10⅛	—	—	—
2 days notice	—	—	10¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10⅛-10½	10¼	—	—	10⅛-10⅝	10-10¼	—	—	—
One month	10⅜-10¼	10⅛-10⅛	10⅛-10⅛	10⅞-10½	10⅜	10⅛	10	10	10⅛	10⅝
Two months	10¼-10⅛	10⅛-10⅛	10⅛-10⅛	10¾-10⅝	10¼	10⅛	9⅞	9⅞-9⅞	9⅞	10⅛
Three months	10⅛-10⅛	10⅛-10¼	10-10⅛	10⅜-10¼	10⅛	10⅛	9¾	9¾	9⅞	10⅛
Six months	10-9⅞	9½-10⅛	10-10⅛	10⅛-9¾	10⅛	—	—	—	9½-9⅞	10⅛
Nine months	10-9⅞	10-10⅛	10	10⅜-10	10⅛	—	—	—	—	—
One year	10-9⅞	10⅛-10¼	10-10⅛	10¼-10	10⅛	—	—	—	—	—
Two years	—	—	10⅜	—	—	—	—	—	—	—

ECGD Rate Export Finance Scheme IV Average Rate for interest period April 6 to May 3 1983 (inclusive) 10.304 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅞-11¼ per cent; four years 11-11¼ per cent; five years 11¼-11½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four month bank bills 9⅝-9¾ per cent; four months trade bills 10⅛ per cent.

Approximate selling rate for one month Treasury bills 9⅞ per cent; two months 9¾ per cent; three months 9¾ per cent. Approximate selling rate for one month bank bills 10-10⅛ per cent; two months 9⅞ per cent and three months 9¾ per cent; trade bills one month 10¾ per cent; two months 10¼ per cent and three months 10⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from May 1 1983. London and Scottish Clearing Bank Rates for lending 10 per cent. London Deposit Rates for sums at seven days' notice 6¾ per cent.

Treasury Bills: Average tender rates of discount 9.5351 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held one month 10½ per cent; one-three months 10¼ per cent; three-six months 10¼ per cent; six-12 months 10¼ per cent. Under £100,000 10 per cent from April 6. Deposits held under Series 3-5 10¼ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

May 10	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	10⅜-10½	10⅜-10½	10⅛-10⅛	10⅛-10¼	10-10⅛	10⅛-10⅛
U.S. Dollar	8⅝-8⅞	8⅝-8⅞	8⅝-8⅞	8⅛-8⅞	8¾-9	9-9¼
Can. Dollar	10-10½	9⅛-10	9-9¼	9-9¼	9-9¼	9⅛-9⅜
D. Guilder	5¼-5½	5¼-5½	5⅛-5⅞	5⅛-5⅞	5⅝-5⅞	5⅞-5⅞
S. Franc	3-3¼	3⅛-3⅜	4⅛-4⅛	4¼-4⅜	4⅛-4⅞	4⅛-4⅞
Deutschm'rk	4⅛-4⅛	4⅛-4⅛	4⅜-4⅛	4⅛-5	5⅛-5⅛	5⅛-5⅛
Fr'nch Franc	12¼-12⅛	13¾-15½	13¼-13¾	14¾-15¼	16¾-17¼	17¾-18¼
Italian Lira	14-16	14-15⅜	14¾-16½	15¾-16½	16⅞-17⅜	18⅜-19¼
Belg. Franc						
Conv.	9¼-9¾	9½-10	9¾-10¼	9⅜-10¼	10-10½	10¼-10¾
Fin.	9½-10	9¾-10	9⅞-10⅛	9⅞-10⅛	10-10¼	10⅛-10⅜
Yen	5⅛-6⅛	6⅛-6⅛	6⅛-6⅛	6⅛-6¼	6⅛-6¼	6⅛-6⅛
D. Krone	9-9½	10¼-10¾	10¼-10¾	11-11½	11⅛-12	11¾-12¼
Asia $ (Sing.)	8¾-8⅞	8¾-8⅞	8¾-8⅞	8⅝-8⅞	8⅞-8⅞	9-9⅛

FT LONDON INTERBANK FIXING

(11.00 a.m. MAY 10)

3 month U.S. dollars		6 months U.S. dollars	
bid 8 3/4	offer 8 7/8	bid 8 13/16	offer 8 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½
Fed funds (lunch-time)	8⅞-8⅞
Treasury bills (13-week)	8.06
Treasury bills (26-week)	8.01

GERMANY

Lombard	5.0
Overnight rate	6.025
One month	5.25
Three months	5.30
Six months	5.35

FRANCE

Intervention rate	12.5
Overnight rate	12.8
One month	12.5625
Three months	12.6625
Six months	12.6875

JAPAN

Discount rate	5.5
Call (unconditional)	6.15625
Bill discount (3-month)	6.65625

SWITZERLAND

Discount rate	4
Overnight rate	2-3
One month	4⅞-4⅞
Three months	4⅞-4⅞

NETHERLANDS

Discount rate	4½
Overnight rate	5-5⅛
One month	5¼-5⅜
Three months	5¼-5⅜
Six months	5½-5⅝

$ CERTIFICATES OF DEPOSIT

One month	8.45-8.55
Three months	8.50-8.60
Six months	8.60-8.70
One year	8.70-8.90

LONG TERM EURO $

Two years	9⅞-10⅛
Three years	10⅛-10⅜
Four years	10⅜-11
Five years	10⅞-11⅛

SDR LINKED DEPOSITS

One month	8⅛-8¼
Three months	8⅜-8⅝
Six months	8⅝-8⅞
One year	8⅞-9⅛

ECU LINKED DEPOSITS

One month	8⅞-9⅛
Three months	8⅞-9⅛
Six months	9⅛-9⅜
One year	9⅝-10⅛

London Clearing Banks' balances

as at April 20 1983

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1.
AGGREGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK monetary sector	17,513		− 746	
UK private sector	52,420		+1,489	
UK public sector	1,228		+ 89	
Overseas residents	7,655		+ 324	
Certificates of deposit	4,797		+ 38	
		83,613		+1,174
of which: Sight		26,684		+1,992
Time (inc. CD's)		56,929		− 818
Foreign currency deposits:				
UK monetary sector	14,553		−1,592	
Other UK residents	3,719		− 101	
Overseas residents	34,414		−2,205	
Certificates of deposit	6,440		− 170	
		59,126		−4,068
Total deposits		142,738		−2,893
Other liabilities*		17,830		+1,004
TOTAL LIABILITIES		160,568		−1,890
ASSETS				
Sterling				
Cash and balances with Bank of England		1,232		− 29
Market loans:				
Discount houses	3,494		+ 316	
Other UK monetary sector	15,672		− 282	
Certificates of deposit	1,913		+ 162	
Local authorities	1,234		− 20	
Other	1,036		+ 74	
		23,348		+ 250
Bills:				
Treasury bills	245		+ 144	
Other bills	1,458		− 14	
		1,703		+ 130
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,921		+ 146	
Other	3,037		− 7	
		5,959		+ 138
Advances:				
UK private sector	52,841		+ 827	
UK public sector	417		+ 21	
Overseas residents	3,999		+ 432	
		57,257		+1,280
Other sterling assets*		9,362		+ 441
Foreign currencies				
Market loans:				
UK monetary sector	14,837		−1,990	
Certificates of deposit	594		− 82	
Other	24,049		−1,293	
		39,480		−3,366
Bills		138		+ 3
Advances:				
UK private sector	3,663		− 188	
UK public sector	544		+ 12	
Overseas residents	14,260		− 511	
		18,467		− 687
Other foreign currency assets*		3,621		− 49
TOTAL ASSETS		160,568		−1,890
Acceptances		2,973		− 26
Eligible liabilities		60,404		+ 814

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	142,738	−2,893	38,196	−210	28,315	−1,223	28,440	−1,079	44,101	−290	3,686	−91
ASSETS												
Cash and balances with Bank of England	1,232	− 29	394	+ 40	226	+ 2	221	− 30	349	− 47	42	+ 5
Market loans:												
UK monetary sector	34,002	−1,957	8,218	− 97	7,115	−1,120	3,645	− 534	14,398	−201	626	− 5
Other	28,826	−1,159	7,471	+ 11	6,039	− 251	6,740	− 351	7,804	−517	772	−53
Bills	1,841	+ 132	410	− 24	711	+ 111	321	+ 68	365	− 10	33	−13
British Government stocks	2,921	+ 146	1,075	—	451	—	873	+ 84	440	+ 61	82	—
Advances	75,725	+ 593	21,696	+339	14,656	+ 117	15,536	− 201	21,648	+339	2,188	− 2

TABLE 3.
INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES

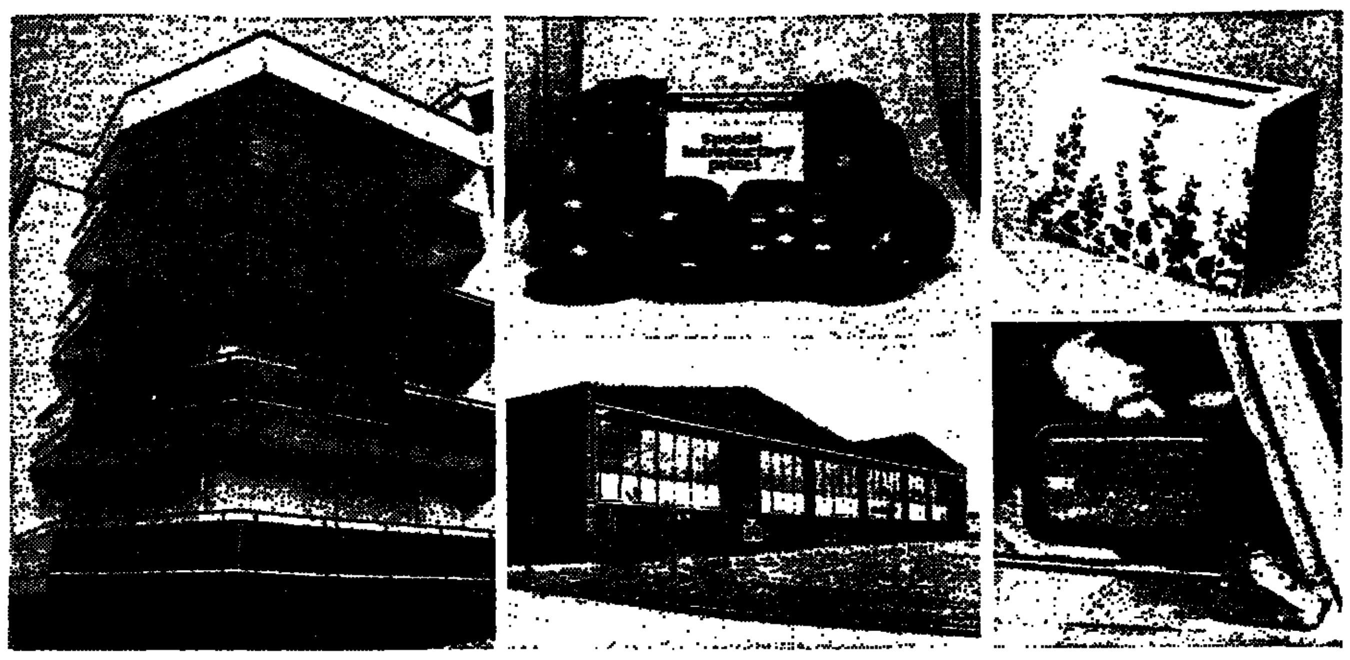
	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
ELIGIBLE LIABILITIES	60,404	+ 814	18,739	+ 13	11,572	+ 282	11,349	+ 43	16,984	+467	1,761	+ 9

FINANCIAL TIMES SURVEY

Wednesday May 11 1983

Industrial Coil Coatings

A revolution in manufacturing techniques is under way as more and more products are made from pre-finished steel or aluminium. This high-technology sector is buoyant and successful even though recession has severely affected its parent industries.



Coated sheet in use. Left: aluminium balcony panels; top: non-stick baking ware and electric toaster cover; below: wall panels and a car driving-mirror.

CONTENTS

Large savings in costs

Survey written by Ian Hamilton Fazey

ONE OF the industrial success stories of recent times is a process that comparatively few people have heard of and yet which has continued to burgeon throughout the recession.

Indeed, there is no sign that the growth of coil coating of sheet metals will falter. What may be happening is a genuine, steadily moving revolution in the way many products are made, with noticeable gains in productivity and large savings in costs.

So, while the steel and aluminium industries are generally in deep trouble, their coil coating sectors are doing so well that optimism abounds among their managers.

Coil coating is essentially a very simple process. Metal strip, up to 1.5 metres wide, which has been rolled up into coils by the manufacturer for ease of handling, storage or transport, is uncoiled, coated with paint or plastic and coiled again for later use.

Coil coaters now produce pre-finished material for many manufacturers, for roofs and building claddings, wall panels, guttering and ducting, garage and other doors, van bodies, car hubcaps, changing room cubicles, instrument dials, venetian blinds, ice cube trays, caravans, traffic signs, oil filter casings, non-stick kitchenware, shelving and radio housings, to list but some typical products.

The range of products that can be made from pre-finished metal is increasing continuoulsy as research produces ever better paints. Modern coatings can now be made so tough that they will withstand the most vigorous of forming processes without being damaged. They are also extremely durable in outdoor use.

Initially, coated coil was used for products where the stresses of forming were minimal, such as simply profiled claddings for large buildings. Now pre-coated metal can be bent, stamped, drawn, twisted or *otherwise formed into practically anything.*

The benefit to manufacturing industry is that instead of having to paint or coat three-dimensional objects that are awkward to handle and that pose problems when trying to achieve a uniform finish, the paint shop can be eliminated altogether, saving the costs of *wages, overheads, insurance,* plant and equipment, maintenance, protective gear, pollution control and cleaning.

Given these savings, coil coating was almost bound to grow during the recession as increasingly cost-conscious companies looked for ways of saving money. Now new markets will be spearheaded by, for example, Hotpoint's venture to make refrigerators using sheet from British Steel coated with International Paint's new high-gloss polyester.

Coil coating began shortly after the 1939-45 War as a cheaper means of painting slatting for venetian blinds. It was another decade or two before the process started to *spread to wider coils of steel* and aluminium, in effect allowing the mass production of coated sheet — cut out of the coated coils — rather than just narrow strips.

The John Summers steelworks at Shotton, now part of British Steel, was well in the vanguard of the new technology in 1958, and James Booth Aluminium, of Birmingham, now part of British Alcan, built its line just five years later.

Since then, British Steel's investment in coil coating has been continuous, so that with two lines at Shotton, two at Swansea and one at Ebbw Vale, it is now arguably Europe's largest single coater, with current sales exceeding £80m a year.

Just how the industry has grown can be judged by comparing its recent output with that for industry as a whole. For example, the increase in UK industrial production for 1960-1980 was only 4.2 per cent. In 1981, it actually dropped by nearly 2 per cent.

Reliable statistics on the coil coating industry did not become available until about 1970, when European coil coaters produced at least 109m square metres of coated metal, but in 1981 the comparable figure was 323m, a rise of 296 per cent.

Figures for 1982 are not yet *available but 260m square* metres of coated steel or aluminium were produced in the first three quarters. Steel deliveries were substantially ahead of the previous year in both building and industrial sectors. Aluminium showed increases in total deliveries, but patchier growth sector by sector.

This would tie in with the manufacture of more and more steel-based industrial products being switched to pre-coated raw material. Overall, 1982 should prove to have been another record breaker.

The year-by-year growth of coil coated output so far is impressive: 16 per cent in 1978, 17 per cent in 1979, 9 per cent in 1980 and 14 per cent in 1981. *If coil coating can grow like this* in recessionary times, what is going to happen to the industry when the upturn comes?

The figures quoted above are collected and issued by ECCA, the European Coil Coaters' Association, which is based in Brussels and of which Mr Norman Makins of British Steel is currently president.

A minor drawback is that the figures understate the true position since four coil coaters—one each from West Germany, Denmark, Greece and Sweden—do not report, and not all coaters are members. But since 50 coaters in ECCA do report, the figures are nevertheless a fair indication of the good health of a growing industry.

Even where recession has bitten extra deeply in Europe in the last two years, as in West Germany, the coil coaters have fared much less badly than industry generally.

The association was founded in 1966 to research, promote and study all aspects of coil coating. The nature of the industry is indicated by the composition of the association's membership, with suppliers of paint, chemicals, plant and equipment outnumbering coil coaters by almost three to one.

The association is very well founded as regards statistics, conferences, technical matters and development of the technology. However, there are suggestions that it now needs to do a more vigorous promotional and selling job on behalf of the industry, perhaps following the lead of its North American counterpart, the National Coil Coaters Association, which goes out looking for more and more end-uses and sells the coil coating concept to whole industries that have never considered it relevant to them.

For two of the problems of coil coating are image and general ignorance about it. Technical managers in general industry who keep up with the trade Press may well know something, but many non-tech*nical decision-makers at the top* of industry do not. It is not uncommon to meet senior managers, bankers or potential investors who think that coils are springs or something like the short lengths of cable conecting a telephone to its handset.

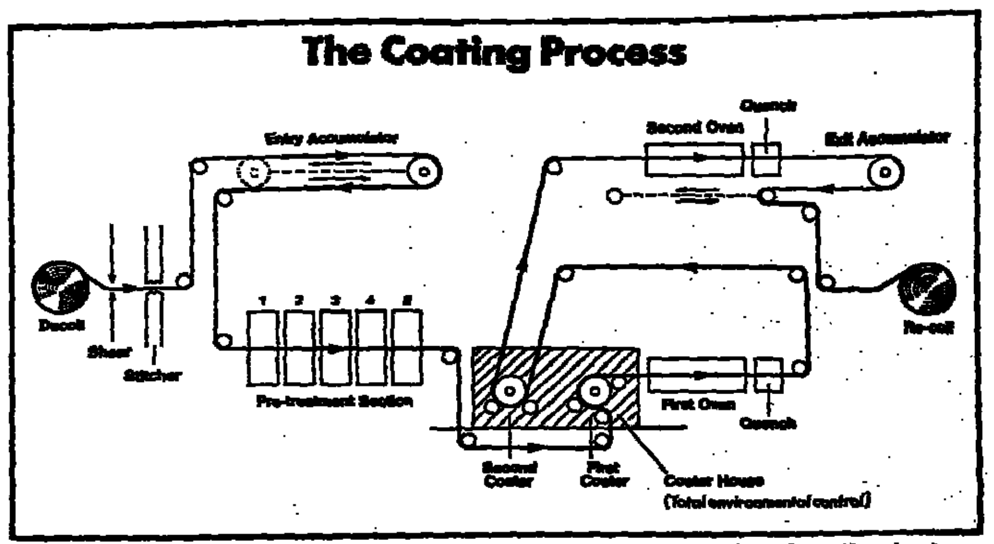
The coil coating industry seems to be a prisoner of its own jargon. Its main growth appears to have been organic, rather than by deliberate marketing, although marketing by individual coaters has now become vigorous. But what marketing man would choose a name like "coil coating" for his product? It compares with trying to sell petrochemicals as "fractional distillation."

British Steel's Sam George thinks that the motto of the industry—"Paint First, Fabricate Later"—needs to be pushed harder everywhere to get more end-users thinking about what they might gain from pre-coated raw material.

After all, he says, safety-pin heads for babies' nappies are now coil coated for longer life (in blue or pink plastic, of course) and one American company is making coffins out of steel sheet coated with a mock woodgrain finish which is indistinguishable from the real stuff.

As Mr George puts it: "What other industry can genuinely claim to look after you from the cradle to the grave?"

INDUSTRIAL COIL COATINGS II



The diagram (above) shows the schematic layout while a coating line in action is shown below. The various parts of the process, from cleaning and degreasing to painting and drying, all take place at great speed. Coated strip can be put through the line a second time to produce special effects.

How it is done—a step-by-step guide

ON THE FACE of things coil coating is a very simple process. Thin metal strip up to about 1.5 metres wide is manufactured, rolled up into a coil and fed into a coating machine. The coater uncoils the strip, cleans it, paints it, and coils it up again, ready for sale in various lengths as finished material.

As an industrial process it has much to commend it. It is capital intensive, increasingly controllable, and there is little waste. Value added to the strip can be as much as 70 per cent. The end user gets a finished but formable surface and saves time, money and resorces in not having to paint his final product.

In practice, of course, the process is rather more complicated, and requires expensive plant, minute attention and highest possible standards of quality control. Modern lines will coat strip made from steel, aluminium or their various alloys and drive it through at 300 metres a minute—roughly the speed at which elite international athletes run the marathon.

This means that coil coating has to be a high-technology process. Everything takes place at great speed: degreasing and cleaning has to be effective in seconds; paint has to dry almost as quickly; everything has to be consistently correct, not just to prevent waste in the plant but because a mistake that may not show for years in coated steel used to build a factory, could prove costly in terms of subsequent lawsuits and compensation.

All lines operate on the same principle as Europe's newest, that of Euroamax Aluminium which is just finishing trials in Corby. The schematic diagram shows the various stages in the process. Other lines may differ in detailed practice, range of operation, speed and cost, but the principle is the same.

First, the coil is mounted on a stand that supports it horizontally through its axis. It is then unrolled into flat metal strip again. The leading edge is trimmed and stitched to the trailing edge of the strip already going through the line. This means that production does not have to stop when a coil runs out.

To enable a new strip to be attached to the moving line an entry accumulator is included. This acts as a buffer and is a series of rollers through which the metal zigzags. The amplitude of the rollers can be varied so that the zig-zag becomes shorter or longer, enabling the trailing edge of one strip to be held stationary while the next strip is stitched to it.

Stages

The metal strip, now moving at full speed, then passes through several pretreatment stages, to degrease and clean both top and bottom surfaces and treat them so that the paint, when applied, sticks evenly.

The dried strip then moves on to the first coater, where primer is applied to one or both sides of the coil by reverse rollers. These coats are then dried by passing the strip through an oven. The strip is then cooled and passed to the second coating unit, where a top coat can be applied to one or both sides.

The top coat is then dried and in most cases the coil coating process is now complete. However, if the surface is to be embossed, or if a film is to be laminated to it, it is done at this point. Then, if required, strippable protective film can be added.

What happens after this depends on the end use. Most often, the strip is coiled up again, but it can be chopped into sheets and stacked. An exit accumulator between the line and the re-coiler or shearer acts as a buffer to prevent line speeds being affected by bottlenecks or static operations in the final stages.

The critical stages of the operation are cleaning and pretreatment. A mistake here can make painting ineffective, waste a lot of material, or, worse, not show up until years later when the coated strip has been made into something that fails as a result.

Not all coated products have paint systems that require two coats. Often, only one surface needs to be painted to a high finish. The other surface, however, is never left uncoated and is at the very least lacquered. The reason is that as it oxidises and roughens an uncoated surface would damage the coated one next to it when the strip was re-coiled or cut sheets were stacked.

Coated strip can also be put through a line twice to produce a greater depth of colour or special decorative effects. This is how some caravans are given their stripes, for instance.

Another example is the new terminal building at Stockholm Airport, currently under construction. The architect was not satisfied that it would be white enough with only one coat of paint. In bright light it is now almost dazzling.

Modern coil coating lines have another refinement over the older ones. They use catalytic methods to incinerate solvent-laden gases produced in the ovens as paint dries. Waste heat recovery then gives substantial energy savings in keeping ovens hot and pretreatment solutions warm.

Such refinements also aid pollution control, although for older plants there are moves to solve pollution problems through the development of water-borne paints that generate steam only when being dried.

Back up for the volume producers

COIL COATING is not just about volume: indeed, several small coaters have proved that it is a myth that pre-finished metal is only suitable for the mass producer of standard products.

Mr Clive Williams, technical chief of one of the small coaters, Coated Strip, says that narrow coil coaters have probably done more product development than the industry's giants.

There is some justification for this, for although the commitment of the volume producers to research and development has been massive, it usually has been in areas designed to assist the churning out of massive areas of coated metal at consistent quality.

One contribution of the small operators has been to work on coated metals that can be formed into the many fiddly little things that actually ensure that the products of the industry's large coaters can be used effectively.

Thus, in Britain, Coated Strip and another small coater, Custom Coil, export about 250 tonnes each per year of small items like capping strip, edgings and hinges. Custom Coil has also developed an acknowledged expertise in non-stick coatings.

The whole coil coating industry did in fact start with narrow strips of metal, the first coil coated product being venetian blinds shortly after the 1939-45 war. Now it is generally acknowledged that there has to be a balance between the huge volume producers and the narrow coaters.

Versatility is the key to successful narrow line operation, with a typical producer offering small quantity lots of special colours, heavier gauges of metals, and such items as coated blanks cut to precise dimensions ready for forming presses—which is usually cheaper than buying large sheets and cutting them back to size.

Complex

Typical examples of the products made from narrow coated strip are ridge caps, corner pieces, rainwater gutters, insulation support systems, lining trays, roller shutter doors, printed banding strip for packaging, ventilation louvres, door frames and window housings.

Coated Strip's more notable complex products include plastisol-coated aluminium blanks that comprise the top and undersides of the casings for oscilloscopes made by Tektronix U.K. The plastisol is textured to look like leather and the blank also serves the purpose of acting as an earth for the oscilloscope's internal electronic components.

The company also worked out how to coat 0.3mm brass stainless steel alloy with vinyl coatings that are non-toxic, highly scratch resistant and come in pink and blue. The coated metal is formed into the heads of safety pins used for pinning babies' nappies. The high scratch resistance and lack of toxicity allows for the pin to be held in the teeth without damage to pin or parent.

A substantial part of the narrow coater's capacity also goes into cars, mainly on internal and external trim.

zAs Mr Terry Dell, of Coated Strip, puts it: "It is often the small components that are most difficult to paint after they have been produced. They are highly suited to manufacture from pre-coated strip. By deliberately developing flexibility of operation, the narrow coaters have become able to handle quite small orders economically."

INDUSTRIAL COIL COATINGS III

British Steel: significant force in a growing and competitive market

Sales mounting despite recession

BRITISH STEEL'S position as the biggest single coil coater in Europe is told in one figure: between them the corporation's five lines can coat more than 300,000 tonnes of steel a year, which represents 20 to 25 per cent of Europe's total capacity.

The German steelmaker, Hoesch, is in the same league and, depending on trading conditions, might sometimes dispute British Steel's "biggest" label, but the corporation is pre-eminent in the world in production of one particular coating, *plastisol, a dispersion* of PVC and plasticisers.

Plastisol is applied thickly—200 microns as opposed to a normal paint thickness of about 30—and its principal virtue is that it is highly "Murphy-proof," or resistant to abuse in the rough conditions that sometimes obtain on building sites.

Plastisol, it must be said, also has its drawbacks. Its critics can be found easily among paint manufacturers, several of whom regard the coating as old hat and would like to see it superseded by advanced fluorocarbon-based or other new paints. Berger, Crown and Norsk Hydro, British Steel's plastisol suppliers, do not agree, however: they are doing pretty well out of the stuff.

The drawbacks of plastisol, it is said, include a limited range of bright colours, poorer colour fastness than some paints, and a tendency to break down and "chalk" in strong sunlight. Thus it is said to be unsuitable for use anywhere more than 20 miles south of Paris.

British Steel stresses that it does not try to sell plastisol-coated steel in warm climates. As Mr Sam George, sales manager of special products, puts it: "Plastisol is the real workhorse of the UK market. There are no disadvantages in using it in a temperate climate."

This "horses for courses" approach has helped coil coating to become one of British Steel's greatest successes with sales mounting steadily over the last 15 years and now running at more than £80m a year despite the recession.

There has been no cutback in this sector under Mr Ian McGregor. Rather, the coil coaters have found things eased and smoothed for them, to enable considerable and hard-won expertise to be built upon.

This dates back to 1958 when the old John Summers Steelworks at Shotton led the way by installing a laminating line. Secen years later, shortly before nationalisation, Richard Thomas & Baldwin opened a coil painting line in Gorselinn, Swansea. A second line folowed there in 1971, together with a replacement laminating line at Shotton.

The latest investments have involved a highly advanced line at Tofarnaubach, Ebbw Vale, in 1978 and a similar one at Shotton in 1979.

It is good business. Typically, uncoated galvanised steel goes into the coater at about £350 per tonne and comes out at the other end worth up to £250 a tonne more. The process is capital intensive and there are never very many people to be seen on any line at any one time.

Minimum orders that can be *handled start realistically* at 20 tonnes, dependent on gauge. Five stockists specialise in British Steel coated products, three living off them entirely. End uses multiply each year, including hundreds of everyday objects, with the office market, furniture in general and decorative surfaces hardly touched as yet.

The recession nevertheless has prevented the corporation getting into full gallop with coil coating: its lines are not working round the clock, but for two shifts out of three, limiting capacity to about 190,000 tonnes a year at present. This, however, is still a prodigious output, and it is being sold. Economic upturn should turn out to be very profitable for British Steel as it shifts its coil coating operations into top gear.

Mr George declines to reveal just how much production is in plastisol at the moment except to say that it is "over half." The coal coating lines are presently working at about 85 per cent of capacity, which therefore suggests that plastisol coatings are currently going on to at least 80,000 tonnes of steel strip per year.

The assessment of the paint suppliers, some of whom are not interested in producing plastisol, is that British Steel will need to be turning out four or five standard products within the next *few* years if it is to stay ahead in its UK, European and wider export markets. Since those markets already include large, growing ones in hot climates—about 35 per cent of sales now go abroad — this means coatings other than plastisol.

There are already signs of this happening with the corporation just starting to promote new fluorocarbon coatings, a departure that has caused some excitement among paint salesmen waiting to pounce for orders.

What is generally expected is that British Steel will not expand much in plastisol but will do so in many other sectors, while keeping its plastisol base to maintain financial and market stability in the process. With about 110,000 tonnes per year of extra capacity immediately available through stepping up to round-the-clock working, this would reduce dependence on plastisol to between 25 and 30 per cent of sales and reduce the long-term risk of having too many eggs in one basket.

British Steel is in any case on its way into new markets with the products it coats with silicone polyesters. These sell well for buildings in Southern European and Middle East markets.

Mr George now sees great prospects for the corporation's new coated sheet, which uses a high gloss polyester for which British Steel has put in quite a lot of lab work itself. He says: "We believe that this is a technical breakthrough. It gives a very hard, high gloss finish to a sheet that can nevertheless be bent and formed easily."

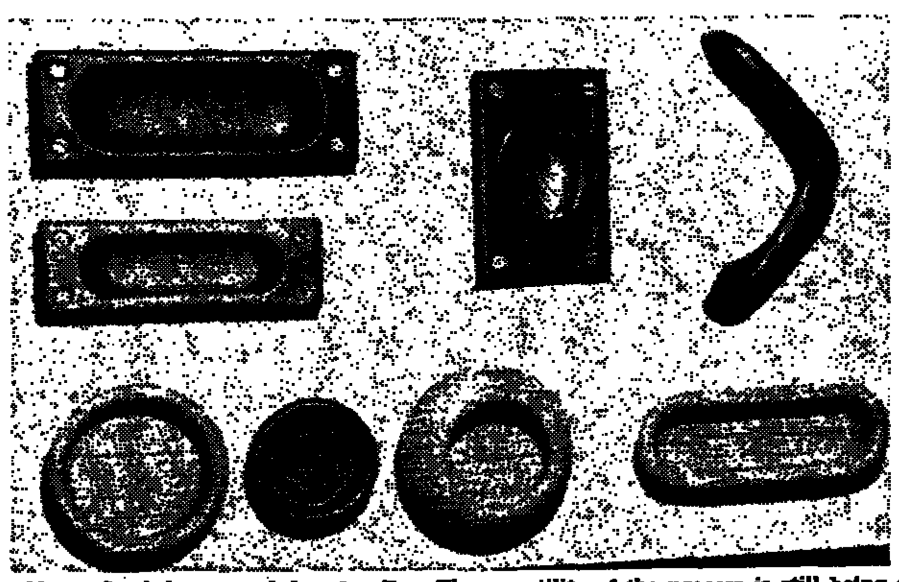
This will open up a big, expanding market in white goods — washing machines, refrigerators, dryers and the like. Hotpoint is takin gthe first step.

What stands out is British Steel's market-oriented approach to coil coating and it is perhaps significant that the team which the corporation first put together to work on the project contained nary a steelman. Instead they came from fields such as oil, plastics and chemicals — high technology sectors that were notably not production-oriented.

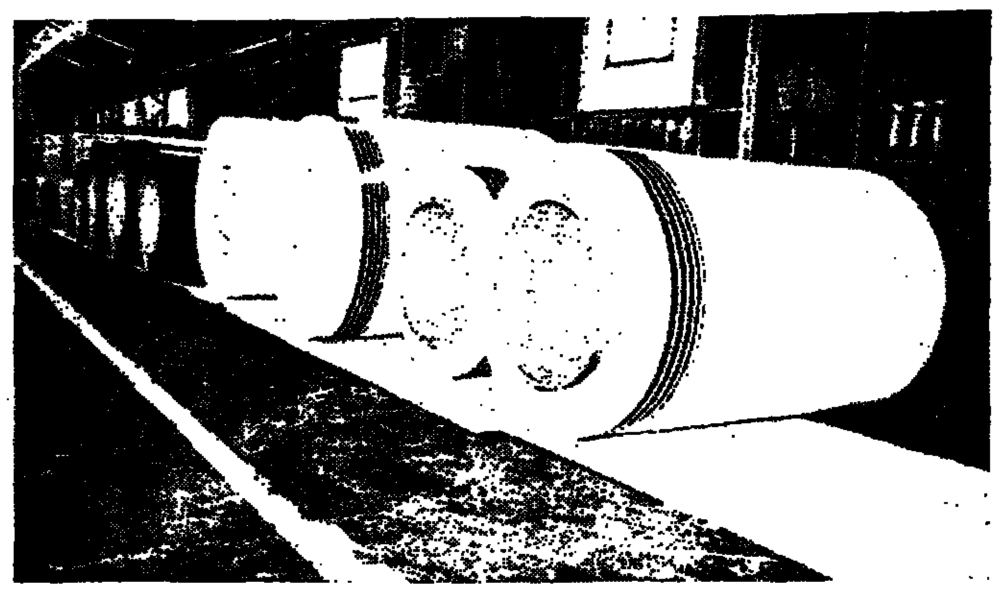
Right from the *outset*, the question was to find markets and then make something for them, not to produce coated strip and then think how to sell it.

Plastisol coatings must rank as a prime example of how this worked in practice. British Steel recognised that the market needed something just that robust and produced it. *True, it could only* be used in temperate climates but there has proved to be enough volume to justify the decision.

The striking thing about British Steel's commitment to coil coating, however, is the very success that it has produced. The corporation's problems have long dominated its image, with gloom, doom and grief the major themes. Its coil coaters, by contrast, are infectiously cheerful. They are on to a winner and they know it.



Above: Steel drawer and door handles. The versatility of the process is still being explored, with more uses found each year. Right: Sam George, who sees great prospects for high-gloss polyester



Stripe finish aluminium coils for making caravan bodies. Their use in the factory represents a considerable economy on paint shop costs

Costs: where the savings are made

THE EASIEST THING in the world to paint is a flat, horizontal surface. Among the more difficult are three-dimensional objects. The former can be done on a coil coating line, the latter usually require sophisticated paint shops.

The difference between the two methods of painting represents a great deal of money and it is these potential savings to manufacturing industry that have boosted the coil coating business even in recession.

According to the Swedish *paint maker, Becker, the cost* of paint is only a small part of paint shop expenses, and rarely exceeds 30 per cent of the total. Since paint shops are usually labour intensive, *the principal expenditure is* on labour and amounts to about 40 per cent.

Equipment and overheads account for another 8 per cent, running costs for about 6 per cent and *environmental* protection measures, such as cleaning and effluent control, about 6 per cent too. The other 10 per cent of costs goes into items such as maintenance, insurance, protective clothing and protection systems.

Becker says that the only *way a manufacturer can trim* these costs and keep a paint shop is to opt for cheap paint, which usually turns out to be a false economy because it is detrimental to finish, durability and the basic integrity of the product.

British Steel has tried to quantify the benefits of using pre-coated raw material in terms of hard cash. It says *that a large company would* probably need to spend at least £500,000 on a paint line and up to twice as much again on a building to house it.

Expensive

It also says that energy consumption is four times more expensive in a conventional paint shop than on a coil coating line. The actual amount can be as much as £20 per tonne of steel used.

Even an average size of paint shop has to spend £200 a week on effluent disposal, *with effluent costs* for large operations running up to £100,000. British Steel also says that labour costs are rarely less than £50,000 a year for the average size of shop.

Add to this high insurance premiums because of high fire risk, as well as the cost *of rates if a separate building* is used for painting, and the potential economies become very large indeed.

For although pre-coated material costs more than uncoated *steel* or *aluminium*, it does not cost anywhere near as much more as it does to paint the objects made from uncoated steel afterwards.

Further, the paint is applied under *conditions* that can be controlled much more tightly than in a paint shop, so consistency of finish is more easily guaranteed. Pre-treatment is more certain and so are things like *uniformity* of surface thickness.

On top of that, all the likely pollution is kept in one place where it is far more readily controlled, thus offering a wider if less tangible benefit to the whole community.

Coil coating has grown as more senior managers with profit responsibility have realised its implications for their bottom lines. Given the push for ever greater productivity, coupled with the coil coaters' and paint makers' *quest for new markets*, the pressures on the industry are likely to force the sector to grow even more quickly.

INDUSTRIAL COIL COATINGS IV

Becker: emphasis on relationship with the customer

Aim of market leadership

SVEN SKARENDAHL says that making motor-cars out of coil-coated steel is a vision with the same prospects that putting a man on the Moon had in the early 1960s. It is feasible, given commitment and a technological push. The commitment could one day arise from the prospect of achieving massive savings in car production costs.

"Car bodies are not realistic to do now, but one should have that perspective. I see no limits to this technology," he says.

It is this long view that has made Mr Skarendahl's company, the Swedish paint maker, Becker, not only big in coil coating but the biggest supplier of paint to the industry in Europe. It believes that it must pay off in the end to be in the van of a high-technology, growing industry.

So while bigger paint companies have watched and waited for the technology to prove itself, Becker has pushed for better products specifically tailored to coil coaters' needs and anticipated end-uses.

It is part of a long-term corporate strategy aimed at securing market leadership. Mr Skarendahl, head of Becker's industrial coatings division, says that the company already has more than 20 per cent of a European coil-coating paint market currently worth £60m a year and growing.

This, however, is not as significant as its meaning within Becker itself, for coil coating in 1982 accounted for 19.7 per cent of the company's industrial paint sales of $90m. Other companies are so reticent about their own figures that it is hard not to believe Becker's claim that it is in a league of its own in terms of sales and comitment.

ICI, for instance, recently reorganised to pursue European coil coaters, will not say how much paint it is selling to the market — only that £2m would not be far wrong.

Becker, then, is in the lead. At present, according to Hilding Rune, the company's coil coating manager: "Our competitors do what we do, but about two years later." Mr Skarendahl expects the gap to close as the other paint companies set up their own attacks on the market.

"We know we are going to have to run faster and faster," he says. "But this is a high technology field. We have specialised in it and know it very well. It is not like other paint markets where a big international company can use its muscle to dominate the market."

Becker works on the principle that the critical factor in the business is a symbiotic relationship between paint supplier and coil coater. Its Swedish salesmen are all highly-qualified chemists and much attention is paid to its supporting services. Mr Skarendahl says: "We are more afraid of slipping up in our standard of service than we are of ICI or International. That's what would lose us customers, not anything they do."

Beckers

The company was almost entirely a Swedish operation until nine years ago. It had embarrassingly large market share in the Nordic area and decided to go international. Since then, expansion has been by acquisition, involving the takeover of Conway Coatings of Walsall in the English Midlands in 1978 and, more recently, Bichon, in Montbrison, France, and Wulfing, in Wuppertal, West Germany. Sales are now split 50/50 between Scandinavia and the rest of Europe.

"Coaters and paint suppliers have to be partners," Mr Skarendahl says. "We declined to make plastisol for British Steel because it would have just meant making it up to a formula they supplied. We like to move with our customers into new and better paint systems that will help them to sell even more coated coil."

Becker actually got into coil coating in 1947, supplying paint for a Swedish company making venetian blinds, but it was not until 20 years later that it really pitched into this market as a result of three lines being started up in Sweden.

The development of coil coating in Sweden then took off very quickly, mainly because the Swedish steel industry, with no home mass market to sustain it at any time in its history, had always been on the lookout for specialised applications that might lead to new markets.

In 1972, Becker had brought out polyesters modified with silicone resin. A year later it introduced mixtures of fluorocarbons and acrylic resins and in 1975 it developed a new concept, waterborne acrylic paints that minimised pollution problems from solvents driven off when paint was drying.

The latest new coatings are designed to overcome market resistance to gloss paint by providing textured matt finishes. One example, in matt black and textured, is indistinguishable from real roofing tiles in place on a roof, even though the roof is made of steel sheet formed to the requisite shape.

As Becker's Gerulph Naglitsch puts it: "One of our leading architects started complaining about 'visual pollution' and saying that as a nation we could not go on building the whole of Sweden out of steel. We had to find a means of coating steel so that it did not look like steel afterwards."

Mr Naglitsch says that there are significant differences between the Nordic and rest of the European market in terms of preference for coatings. Scandinavian customers polarise between fluorocarbons, for top quality and endurance, and water-borne acrylics—which are only a quarter of the cost—for economy.

In the rest of Europe, more silicone polyesters—half the price of fluorocarbons—are used for "best," with simple polyesters—40 per cent cheaper still—used for general economy.

Becker realised that coil coating needed an infusion of high technology virtually as soon as the industry started up in Sweden. The coatings it supplied—each a dispersion of PVC with plasticisers and solvents—started to fade within six months. Better products were going to have to be developed.

Thus came plastisol—a dispersion of PVC with plasticisers but no solvents—which was applied 10 times as thickly as the original coatings. At the same time, around 1970, a small amount of expensive fluorcarbon coatings were produced.

He believes the rest of Europe will come to see this as a false economy and dismisses silicone polyesters as "rubbish material" when compared with fluorocarbons for weatherability, formability and colour fastness.

There is, of course, some degree of self-interest in this because Becker presently sells more polyesters than anything else—they amount to about 25 per cent of output in terms of volume—and 87 per cent of them go to Germany and the UK. Flurocarbon paint sales are only half as much, with 70 per cent sold to Scandinavian countries.

The company is also big in primers and is working on a universal primer for coil coaters.

Mr Skarendahl thinks that the company's future prosperity, however, is assured with the growth of coil coating. The speed of growth, he says, will be largely dependent on the effectiveness of education of the most senior decisionmakers in industry all over Europe.

Once they realise that savings can be massive if they can eliminate paint shops and switch to pre-coated material, he believes that coil coating will really take off. This process, of course, would see paint companies losing market share based in paint shops, with the gain accruing to those supplying coil coaters.

Mr Skarendahl says: "What matters is to see coil coating not as one business but hundreds, perhaps thousands. Each is the business of a new end-user. He is really the customer. That is why the coil coaters and their suppliers have to be partners."

Sven Skarendahl: no limits to the technology

Pre-treatment crucial to finished result

THE CINDERELLA of the coil coating business is pre-treatment, the processes by which metal strip is degreased, cleaned and prepared for painting. It is rather akin to decorating your own house—the unglamorous chore is getting everything ready before applying the paint.

Coaters tend to take pre-treatment for granted. The chemicals involved consume only between 5 and 10 per cent of the cost of running a line and the main effort on quality control goes into the paint.

Yet, says Dick Gaijaard, Amchem's European manager of metalworking chemicals, pre-treatment is so critical to successful coating that it should not be regarded as a separate process to painting, for the two really go hand in hand.

Amchem shares dominance of the pre-treatment market with Pyrene Chemical Services, part of the Brent Chemicals Group.

An interesting sidelight here is that if coaters come to regard pre-treatment and painting as one and the same thing, ICI stands to do well, since the company is Amchem's UK licensee and is thus the only paint company in the West selling both pre-treatment and coating systems.

Since ICI also contributes to Amchem's development programme, one trend the two companies are bound to push in the future is towards integrated products and systems for all aspects of coating technology.

The essence of pre-treatment is to convert a clean, grease-free metal surface into something that will take paint easily—a process that usually involves using chemicals to create an inert layer on the surface. This ensures an even, sound contact between the organic paint and the inorganic substrate.

The amount of chemicals needed is minute when compared with sheet area, which adds to the problems since a fast-moving line rapidly consumes them. Thus the very dynamics of the operation create a constant headache, with chemical baths needing continuous replenishment and emptying. Control of the composition of chemicals in the bath is the key.

What probably will make coaters take more notice of pre-treatment, however, is not technical factors but economic ones. Cleaning and pre-treatment has required water rinses, heat, and potentially polluting chemicals containing chrome and ferricyanide.

Trends in pre-treatment now are towards low-temperature cleaners, no-rinse systems, and chrome-free chemical processes, the aim being to achieve energy and water savings, as well as to eliminate the need for costly treatment of effluents.

Ironically, the recession, which has helped coil coating to achieve growth as customers switched to pre-coated raw material, is not aiding trends in pre-treatment. This is because the shedding of labour in many companies has also included shedding the people who operated as project teams and who used to spend a great deal of time investigating just these problems

The finishes—what they are and what they do

A VERY WIDE range of finishes is available for use in coil coating. The type of coating applied will usually be dictated by end-use. Listed here are the principal categories of materials involved. Because prices vary with specification and volume, comparative costs are indicated by reference to price factors.

ACRYLIC: One of the earliest groups of coatings and still widely used. Original application was on venetian blinds. Flows well and allows perfect finishing. Easiest to apply on a coil line. Good flexibility. Expected life of up to seven years' external exposure. Considered good starter kit for Third World countries learning the technology. Price factor 1.

POLYESTER: The workhorse of the industry worldwide because of its general purpose usefulness. Can be tailor-made to almost any anticipated end-use. Different formulations can give wide ranges of gloss, outdoor resistance, flexibility, chemical resistance, hardness, deep drawing capability, etc. Life on outdoor exposure should be at least 10 years but can last much longer. Price factor 1 for all but highly-specialised formulations.

SILICONE POLYESTER: First developed for increased outdoor life, which should be 12 to 15 years, the polyester is modified with silicone resin. Flexibility is, however, only reasonable even when simple profiles are being formed. Price factor 1.5 to 2.

FLUOROCARBONS: Top of the range for paints. Practically indestructible. Most are mixtures of polyvinylidene fluoride (PVDF or PVF2)—usually supplied under licence by the U.S.-based Pennwalt company, and acrylic. All properties are superior to other paint systems — gloss, colour stability, chemical resistance, flexibility, and so on. Buildings have not yet been up long enough for coatings' lifetimes to be fairly assessed, but they should exceed 30 years.

The most expensive coatings contain more than 70 per cent PVDF and have a price factor between 3 and 4. The economy version, which contains only 50 per cent PVDF is only slightly less good, has a price factor of 2.5 to 3.

PLASTISOL: More a plastic than a paint, though all the coatings are polymers. It is a dispersion of polyvinyl chloride (PVC) with plasticisers. Will stand much abuse. British Steel success story, but suitable only for temperate climates because of relatively poor resistance to ultraviolet wavelengths. Examples abound in Northern Europe of successful outdoor use, despite claims of critics that few bright colours are available, that colours do not fade uniformly and that some coatings go mouldy. Price factor between 2.5 and 3.5.

NON-STICK: Usually a mixture of polytetrafluorethylene (PTFE) and polyethersulphone (PES). Mixture is used because PTFE has such non-stick properties that it will not stick to anything, making coating almost impossible. PES is highly heat resistant and is therefore used as a coating in its own right for specific end-uses such as painting the outside of toasters. Specialised coating process needing very high stoving temperatures for drying. Price factor: too variable to generalise.

TRENDS IN USAGE: Polyesters increasingly are favoured over acrylics, except in Scandinavia where water-borne acrylics are increasing their share. Environmental argument for water-borne systems is irrelevant on newer lines where solvents from paint drying ovens are incinerated and the exhaust heat is used for energy-saving.

Silicone polyesters likely to be squeezed out between polyesters and burgeoning use of fluorocarbons as top-of-the-range coatings.

Best fluorocarbons now being used on high prestige buildings, such as the Raffles Hotel project in Singapore. Plastisols will probably maintain, but not share, volume as market expands, with fluorocarbons taking over as equally resistant to abuse but much more durable.

ICI: going into the business in a big way

High-technology approach to winning sales

ICI'S PAINTS division put itself through a major self-examination just over two years ago, using the now-classical "What business are we in?" technique. It soon realised that many of its paints were going on to products that in the long term would be made from pre-coated metals.

Thus did ICI realise that one of the businesses it had to get into in a big way was coil coating. Of course, the company had been supplying paint to coil coaters for years, but in very small volumes compared with total sales.

The same was true of most paint companies. Indeed, all claim to be highly experienced suppliers to coil coaters, but in an industry where large paint-makers have looked for volume more than anything else — in markets such as cars, general industrial use and decoration — coil coating sales have been a relative drop in a paint can.

Coil coating is also a high-technology industry and one of the other things that ICI realised about it, according to Dr Bob McGuiness, a chemist who has been appointed market manager, was that when it came to selling paint to coil coaters, "You can't do a washing powder job on it."

Previously, ICI's approach to the European coil coating market was a fragmented one. In 1975 it had bought the Hilden-based West German paint company, Hermann Wiederhold, which had coil coating sales in most of continental western Europe, except Scandinavia. The latter markets were served by ICI itself, which also sold to UK coaters and those in East Germany.

All of the European sales operations have now been integrated under Dr McGuiness, and while sales overall are trifling in ICI terms, amounting to only about £2m a year at present, the important thing for the coil coating division is that it is growing mightily — by 149 per cent in the past 11 months alone.

Dr McGuiness runs the operation from Germany, Becker's major market area. He is working hard to increase ICI sales to British Steel and the other major European steel coater, Hoesch. Like Becker, however, ICI's high-technology approach has detered it from going for plastisol business from British Steel.

Rather, it is working on a new coating that should have plastisol's benefits but fewer of its disadvantages. "Call it nephew of plastisol," Dr McGuiness says. Preliminary studies are expected to be complete by mid-summer.

It is ICI's spurting growth that encouraged the company to reveal the approximate value of its sales. In contrast, International Paint refuses point blank to give any figures at all, even to support its claim to be the market leader in backing paints that go on inside surfaces that are not exposed to view.

It too opted out of plastisol—effectively leaving the British Steel market to Crown, Berger and Norsk Hydro—but its basic strategy in the coil market now appears to be emerging as one of technological leapfrogging.

What International has done is to identify one major potential growth sector requiring a lot of technological input and then to go for it. The sector concerned is white goods and International's five-year research programme in the business now looks as though it is about to pay off.

The research has been done in hand with Hotpoint and British Steel. Indeed, Hotpoint seems to have tried most other paint makers' materials and systems and rejected them—a point that could tell well for International in the long run as other white goods manufacturers follow the Hotpoint lead, having waited and watched for some years.

Mr John English, sales manager of International's industrial paints division, says the company is now in serious discussion with Hoover, Lec and AEG. He believes that the widespread mass production of refrigerators, washing machines and the like from pre-coated steel is now inevitable, with International's new high-gloss polyester set to seize the greatest share of that particular paint market.

Discussions have also opened with manufacturers of light fittings, potentially another major market.

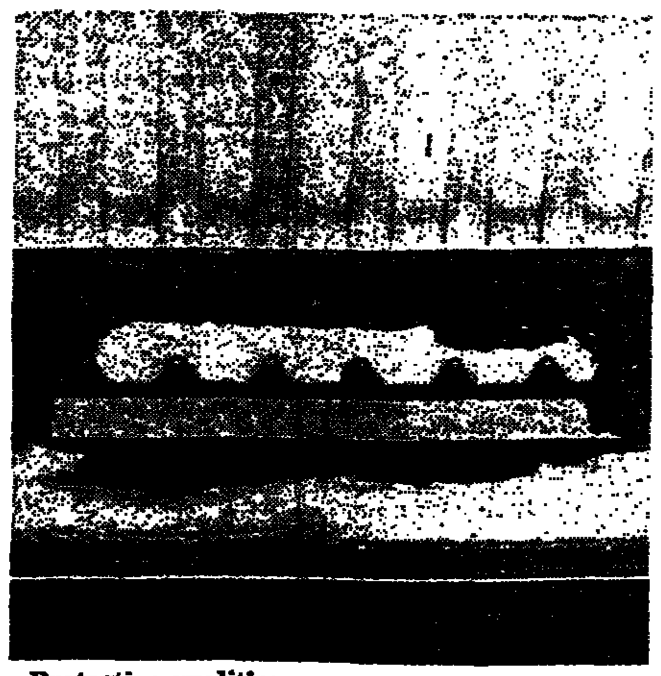
Meanwhile, ICI is also conscious of another factor: it has a reputation for technological leadership to protect. From a general marketing point of view it cannot afford to let a high technology industry like coil coating develop and grow without ICI being seen as a major force in developing new paints for it.

Here, contrary to what Becker says, ICI does have some major corporate muscles to flex in an attempt to catch up and dominate. Those muscles derive from the worldwide organisation ICI can draw upon. It has thus been able to form an ICI world paints group research team to use coil coating experience in North America, South Africa, and Australia — ICI Dulux Australia, for example, already has an 85 per cent share of the Australian coil coating market.

Dr McGuiness says: "Apart from making sense from a scientific point of view, it is also cheaper to fly people to Slough for working conferences than to duplicate research programmes and facilities around the world."

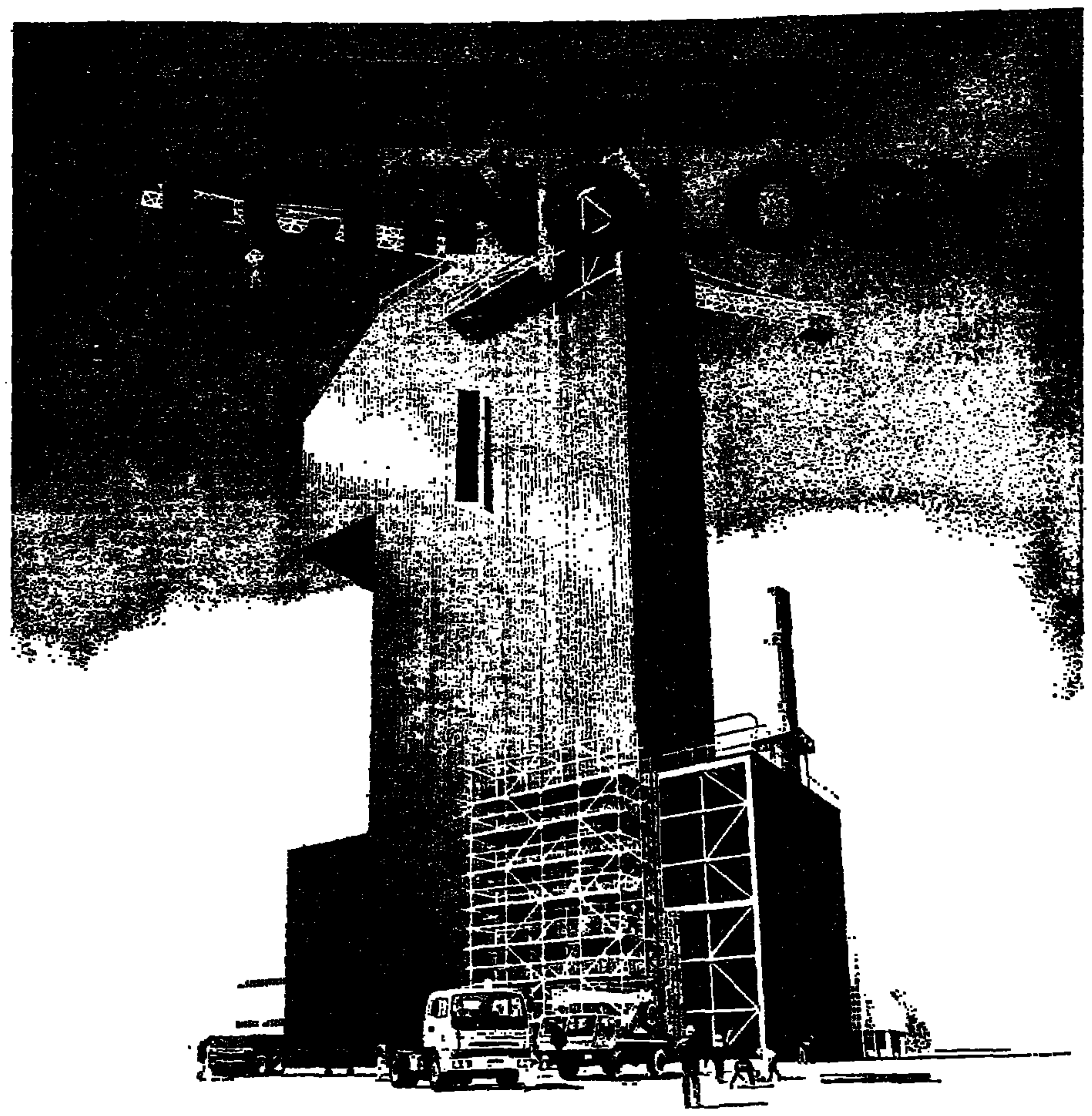
The group is now working on improved polyester coatings. It has also developed a system for classifying poyester resins so that formulation is made easier. This includes associated computer programmes — the user would need only to say what he needs a coating to be able to do, for the computer to work out the right formula to produce it.

Other work is being done on water-borne paint systems, a project begun in Australia four years ago. Preliminary tests of a two-coat system on galvanised steel have shown greater durability in extremely adverse atmospheres than solvent-borne acrylic paints.



Protective qualities an important consideration

What 12 years' exposure to the sea air can do. The unprotected steel girder has been eaten through by corrosion while the coil coated cladding to Anglesey Aluminium's pier is still weathering well. The cladding is in steel, coated with an ICI fluorocarbon paint. Coil coating's protective qualities are one of its chief advantages, to be taken into account with the cost savings and ease of use



British Alcan: fighting back after losing big customer

Optimism on new products

BRITISH ALCAN, smarting at *having just lost a fifth of its* market in coated aluminium coil, is fighting back. The company believes that its latest product will expand both the *total market* and British Alcan's share. It is an abrasion-resistant coating that will stand vigorous abuse by vandals *or* the more clumsy building-site workers.

The reason the company lost so much of its market was the decision of one of its principal customers, Euramax, to build its own coil coating line in the Corby enterprise zone. Euramax's order was for coated *aluminium strip for caravans* and presently runs at 2,500 tonnes per year. In a total UK market of 12,000 tonnes, that represents *a sizeable share.*

In British Alcan's case, its now elderly coating line at Alcan Plate in Kitts Green, Birmingham, can handle *10,000 tonnes* a year. The company expected to coat at least 7,500 tonnes there this year but losing the Euramax business will now see *output at only 6,000 tonnes.*

Nevertheless, Mr Peter Gibbs, general manager of coated products for Alcan Plate, is bullish about prospects. He says: "We are the market leader in the UK in pre-coated aluminium and we expect to remain so for a long, long *time, especially since we now* have a product which is the most exciting development in the last 10 years."

The product is being *marketed as Duralcote 80, the* latest in an Alcan series that already contains Duralcote 10, the company's first coil coated product, and Duralcote 70, which it introduced in 1971. British Alcan spent most of 1982 testing out the new paint involved in Duralcote 80 and is now convinced it has a winner.

The paint, which was developed by the Swedish company Becker, was not actually envisaged for use as Duralcote 80. Rather it was designed for steel roller shutter doors in Germany. Most paints used on the doors tended to be knocked about over time, eventually allowing the steel to corrode and *preventing the doors rolling* up properly. The fluorocarbon-based paint was designed to overcome that problem. A similar type has also been *developed* by ICI.

Even though the paint used by British Alcan is applied to aluminium strip at a thickness of *only 25 microns,* the surface produced is very, very tough indeed and Derek Sibley Alcan Plate's technical manager takes some pride in letting *visitors* bend a piece of coated strip double, straighten it out again and try in vain to find evidence of the paint cracking.

This somewhat unscientific test illustrates the great technical virtue of the new product: immense abrasion resistance combined with *formability*; the capacity to be bent, stamped, drawn or twisted into practically any shape without damaging the integrity of the *surface coating. The secret* lies in the paint being comprised of very long, physically unbreakable molecules, crosslinked with polyurethane.

The surface is slightly textured and pleasant to the touch, with a satin finish. Metallic finishes are also available. *British Alcan is marketing it as* the "ultimate in coating formability," and stressing the resistance to damage, abrasion, stains, chemicals, and ultraviolet light *which is expected to provide* considerable exterior and interior durability in use.

The fact that it is difficult to mark with a hard pencil helps *to make it reasonably graffiti-*proof and the first use of Duralcote 80 had precisely that requirement in mind. It has been used for the interior *surfaces* of British Leyland buses being exported to Greece. Mr Gibbs expects orders to ensue for new buses for all markets.

Indeed, he sees public service vehicles as a major sector for the future, not least because manufacturers are already accustomed to using coated *aluminium anyway.* He *thinks* that buses, coaches and railway rolling stock will all soon have extensive surfaces in Duralcote 80.

Mr Gibbs also intends to attack the general road transport market. He says: "Up till now a lot of people have thought that coated aluminium *is all very well, but scratch it* and you're in trouble. This is going to change now."

Indeed, much coated *aluminium up to now* in the road transport market has gone into the interior cladding of small pantechnicons or refrigerated vans. Now he thinks that Alcan *has something* to use on exterior surfaces too since he says his new product will easily cope with normal wear and tear such as trees and bushes damaging the *sides of delivery* vehicles.

Domestic appliance makers are also being pursued for orders: indeed, one new unique *colour is called curry brown* and it is not named after curries of the edible variety, but because it is for Curry's the high street chain of shops selling electrical and *household* goods. The "feel" of the new surface, together with its detergent resistance and "scrubability," are important *selling points.*

But it is in the building sector that Mr Gibbs sees possibilities of major expansion, despite the fact that sales here have been expanding continuously *anyway. The new* product possesses what Alcan and all other coil coaters are always looking for—it is highly "Murphy-proof."

Mr Gibbs believes that Alcan's ability now to counter the Murphy factor in the building industry is going to give aluminium an *edge over steel.* He also thinks that as more and more buildings are made from complex, composite "sandwiches" of materials—*layers* of external weather-proof *cladding,* backed with insulation, anti-condensation *materials* and with an interior surface already in place—then people will opt for the more expensive *aluminium for the outermost* layer in order to protect their investment in the other layers.

This takes account of aluminium's other advantage *over steel—it will not corrode,* although, in fairness, the steel producers now say that creeping corrosion around edges that become *exposed through, say,* drilling, is not a problem nowadays, if correct procedures are followed to cover them up.

The ace up British Alcan's *sleeve in pushing its new pro*duct however, is not so much its impressive technical abilities as its price. This can best be examined relative to the cost of Duralcote 10, the company's first coated aluminium strip.

Duralcote 10 comes in two types—polyester-based paints *for coating coil used in caravan*-making, and acrylic-based paints for building products. The product has proved *itself* over *time, with most caravan paint*work outlasting the life of the caravan, and building materials lasting 10 to 15 years before needing their first maintenance. *The system is applied in one* coat.

Alcan's next development, Duralcote 70, has proved more *durable for buildings,* a fact *recognised* in its possessing an Agrément Certificate guaranteeing 30 years of maintenance-free life—five years longer than *British Steel's Plastisol clad*dings. It does, however, require two coats of paint, one primer and one topcoat, and this makes it about 19 per cent more *expensive than Duralcote 10.*

Duralcote 80, however, is applied in a one-coat, non-prime process. Although the company says that its life to first *maintenance should be in* the 20-25 year range at least, its price is only 4 per cent higher than that of Duralcote 10.

"This gives us a chance to produce *an up-market* finish at a down-market price," says Mr Gibbs.

What British Alcan is also doing, however, is producing an *up-market product on a produc*tion line that is, in coil coating terms, aged if not ancient. It was built in 1963 and although it has been upgraded as much as possible—for example, aluminium strip can be coated *at 40 metres a minute instead* of an original 40 feet—it may not be possible to push operating limits much further. *Substrate thickness can range* from 0.35 mm to 1.6 mm, widths up to 1.27 metres.

This probably does not matter while markets for coated products have still to be found, let *alone saturated.* Indeed, all coil coaters with old lines are probably in the same position.

The older lines may, however, find themselves squeezed if the marketplace becomes more competitive, since large, modern lines will be able to offer economies of scale and new small lines will be able to sell far greater flexibility at lower prices.

In British Alcan's case, it is also a matter of proving capability in the marketplace while knowing what the company's big brother in West Germany can do.

On a Europe-wide basis, Alcan produces around one-third of Europe's coated aluminium coil. Its 3½-year-old plant at Gottingen can do more than 50,000 tonnes per year in widths ranging from 0.25 to 1.5 metres and thicknesses from 0.2 mm to 2 mm. It does so at 200 metres a minute. *It needs high volumes* and long runs to maximise profitability and presently runs at about 70 per cent of capacity. Worries that Alcan might switch *all its production* to Germany were a major factor in Euramax's decision to build its own line in Corby.

It may be that *this* situation is in the back of the minds of senior management in British Alcan and accounts for their displaying less enthusiasm *for coil coating prospects than some* of their counterparts in British Steel. After all, Alcoa once ran a similar old line in South Wales and decided to close it down in 1980, rather than try to upgrade it and compete.

Mr Gibbs, though, stands out as British Alcan's coil coating *evangelist.* He thinks *the* Kitts Green line is going to play a major role in expanding the market and is always on the lookout for new products.

The latest that he *foresees* came one step nearer only last week as British policy on direct broadcasting satellites unfolded dish aerials for all our rooftops. *Mr Gibbs* says *that* the *cheapest* way to make them will be to form them from pre-coated aluminium. He says that Duralcote 80, with a second coat of non-wetting paint, will be perfect. The company is working on it already.

The *interior roof of* this British Leyland bus—one of an *export order to Greece*—is in coated aluminium using Alcan's latest abrasion-resistant paint.

Euramax: expecting new markets to open up

Versatility on small orders

THE PRINCIPAL virtue of the new £2.5m coil coating line built by Euramax Aluminium *in Corby should prove* to be its versatility on small orders, which its designers believe is the best in Europe. If all goes to plan, the company believes that new markets will *open up,* particularly in general engineering with a big shift into pre-coated raw material.

"We *certainly haven't gone* for capacity," says Mr Bob Horton, Euramax's marketing director. "We are going after the smaller order that the big boys can't afford to touch. We think the market is there."

But however well the company does *in pursuing this* goal, it is already certain that it will have between 20 and 25 per cent of the total British market in coated aluminium by the end of its first year.

This is because the new line's largest customer is already Euramax itself: it will be taking 2,500 tonnes a year—62.5 per cent of the line's capacity. *Euramax will be pursuing new* markets to fill up the line. Since it is only trying to sell 1,500 tonnes a year of capacity—at least while the line remains on *single shift working—it is quite* obvious that the company is not in the volume business, although it says it will expand if the market does too.

The company is part *of* the Alumax Group, an aluminium producer operating 60 companies worldwide. Its principal business activity in Britain so far has been caravans. It is *the largest supplier of* painted aluminium sheet to the British caravan industry and is a major stockholder of coated coil *which,* by *using specialised* plant and know-how, the company can convert to specific customer requirements.

The caravan market has, of course, been badly hit by recession, so this business too should pick up as economic activity increases.

When it does, Euramax will continue to vie for the caravan cladding market with the other main British stockist, J. E. *Eltherington and Son, in* which British Alcan now has a 30 per cent holding. Since British Alcan has up till now been the principal *supplier* of coated aluminium to both Euramax and Eltherington, the various relationships have had a smack of incest about them, no matter how much all *the parties* concerned *stressed* their proven record as competitors.

Independent

The Euramax move, therefore, makes competitive sense and *is bound to help* the company promote a self-sufficient, independent, market image. It also gives Euramax full control of its own caravan raw material.

In deciding to opt for flexibility, Euramax knows it *is* also playing safe. Its new line already has a sound base of in-house orders that will underpin its economic operation: it can use its spare capacity for a wide range of small orders, pricing on the margin if necessary, and gradually filling up the line with increasingly profitable work. *Indeed, its position is* very similar to that of a publisher trying to make optimum use of the printing press used to produce his own magazines.

The risk involved is also low because although *new markets* are involved, the growth of coil coating in the past few years suggests that it is highly unlikely that they will not materialise. Further, since they are *new,* the company has not got to bite into other coil coaters' market shares to secure them.

Most coaters *of aluminium coil prefer minimum* orders of five to seven tonnes so as to run their lines with the least possible waste. Typically, waste needs to be less than 5 per cent *for profitable operation.*

Euramax claims that orders down to only one tonne can be catered for profitably at Corby. *Flexibility* is achieved by control of the environment where the paint is applied, coupled with advanced electronic monitoring of the line's performance *along its whole length.* Euramax claim that at average throughputs colour change can be accomplished within a one-metre length of strip without slowing the line.

The line can handle strip ranging from 0.6 to 1.524 metres wide and from 0.3 to 1.5mm thick. Coating actually takes *place in a room specially built* into the line which is dust-free, temperature-regulated and where there is total control of paint viscosity and surface quality.

The drying ovens for the paint are gas-fired initially, but solvents driven off are ducted *to an incinerator, waste* heat from which goes back into heating ovens, pre-treatment plant and the coater room. Energy saved, once start-up has been achieved, is claimed to be significant.

Expansion plans are for a laminator and embosser to be *installed to enable* these processes to be added after the second coat of paint has been applied. This will depend on market demand.